

# The NATIONAL UNDERWRITER

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## LIAMA Study Shows Progress In Service To Orphan Policyholders

The "self-assumed ethical obligation" of life companies to the orphan policyholder meets in practice with nagging difficulties. For one thing, arranging a regular procedure by which agents receive and follow up on assigned cases is a costly and time-consuming business. It is often difficult to get the general agent or manager to give up what might be a good prospect. Above all, if agents habitually ignore their own insured, the orphans are certain to hear from the insurer only at premium notice time.

In an effort to shed light on the problem, LIAMA questioned 21 representative life companies on their solutions, if any. Four of these companies reported no home office activity in this area at present. The other results of the inquiry are reported below.

Appended to the report are detailed outlines of the programs of Mutual Life of New York, Home Life of New York, and Continental Assurance. They are covered in a separate article in this issue, starting on page 7.

The orphan problem can be divided into two major components. First is the continuous assignment of every policy-owner during the life of his policies to a company representative. Second is the reasonable assurance that the representative will actually communicate with the orphan. The first is relatively easily accomplished in cases where an agent leaves the business: the manager simply assigns his clients to other agents.

When an agent changes companies, however, unique problems are created which bring into conflict the loyalties of the policy-owner to the agent and company and the obligations that the agent and his former company have to the policy-owner. In addition, there

may be problems in determining whether a transfer of records is possible or desirable. Only one company addressed itself directly to this problem in its reply (see outline of Home Life's program).

When by changing residence the policy-owner becomes a "self-created" orphan, special difficulties may arise in the form of reluctance of the original agent or agency manager to relin-

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## Only Small Ordinary Sales Gain In July And 7-Month Period

July ordinary sales amounted to \$4,268,000,000, an increase of only \$107 million, and for the first seven months of the year were \$30,453,000,000, a gain of \$142 million, according to LIAMA. Total sales for July reached \$6,125,000,000, a decline of \$19 million, and for the seven-month period were \$44,929,000,000, up \$2,653,000,000.

Ordinary figures include \$303 million in 1961 and \$433 million in 1960 in individual policies written on groups of persons during the first seven months of the year.

Group sales in July totaled \$1,268,000,000, down \$157 million, and in the seven months reached \$10,311,000,000, a \$2,462,000,000 increase. Group figures include new groups set up and additional coverage written on amended group contracts already in force.

July industrial sales were \$589 million, up \$31 million, and in the seven months amounted to \$4,165,000,000, a gain of \$49 million.

## Nw Ohio Blue Cross Is Allowed 19.5% Rate Hike

Superintendent Stowell of Ohio has approved a Blue Cross insurance rate increase of 19.5% for 12 counties in northwestern Ohio. Hospital Service Assn. of Toledo had sought a 22.3% increase for 488,680 subscribers in the area. Mr. Stowell estimated the increase will provide \$2,855,000 additional annual income, about \$407,000 less than requested. A spokesman for Blue Cross said the action would probably carry the group through the next two years of rising hospital costs.

## TOTAL STANDS AT 1,457

## Only 14 More U. S. Life Insurers Doing Business At Mid-'61

At midyear 1961 there were 1,457 United States legal reserve life companies with a total of more than 118 million policyholders, according to Institute of Life Insurance in its annual survey of life companies reported by the departments of the 50 states and the District of Columbia. The total represents an increase of 14 companies more than were reported last year at the same time and more than double the number doing business 10 years ago.

Of the total, only about 1% do business nationally, a fact which points up the regional concentration of a major portion of the companies, the institute said.

### Greatest Number Cited

"For instance, in the past 15 years the greatest number of new companies have been established in the south and southwest, where the growth in population has outpaced other sections of the nation," the institute explained.

The increase of 14 companies from midyear 1960 to midyear 1961 is the smallest boost over a 12-month span in recent years. In 1955, for example, there were 1,108 companies at year end and a year later, year end 1956, there were 1,192. After that, the growth picture looked like this: 1,274 at year end 1957, 1,367 at the close of 1958, 1,428 in 1959 and 1,455 in 1960.

The largest growth in the number of life companies doing business occurred in the 1950-55 period, when 458 companies were added to the roles over a five-year span. From the beginning of the century to mid-century the five-year increase was paced considerably slower. In 1900 there were 84 companies doing business and by year end 1905 there were 126. In five-year intervals, the number of companies grew to 284, 295, 335, 379, 438, 444, until the close of 1945 when there were 473.

Life insurance companies today are  
(CONTINUED ON PAGE 23)

## Rep. Curtis Hits Federal Charters For Life Insurers

Says Decision Should Be On Quality Of State Rule, Not Monetary Policy Basis

WASHINGTON—Rep. Curtis of Missouri took a strong stand against the proposal for optional federal charters for life companies in his comments at the hearings conducted by the joint congressional economic committee on the various proposals of the commission on money and credit of the Committee for Economic Development.

The commission's proposal for optional federal charters was being discussed by a commission member, J. Irwin Miller, chairman of Cummins Engine Co. of Columbus, Ind. His presentation followed closely the portion of the commission report covered in THE NATIONAL UNDERWRITER of July 29.

### Varying Arguments

Rep. Curtis said if there were to be a discussion on the advisability of federal regulation of life companies, it should be on the basis of whether or not it would be superior to the state variety. He said an argument could be made for regulating insurance federally, although he was opposed to it. However, in any event he opposed the commission's approach to federal regulation, which is based mainly on providing greater freedom of investment opportunity than is permitted under the laws of some states. The committee particularly opposed laws like the Robertson law of Texas, which force insurers to invest a percentage of reserves on insurance on the lives of state residents as a condition of being allowed to do business there.

Rep. Curtis, who in addition to being on the joint economic committee is a member of the House ways and means committee and headed its life company taxation subcommittee sev-

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Gov. Steve McNichols of Colorado, second from right, presents proclamation designating Sept. 24-29 as "Life Insurance Week in Colorado," which will coincide with the annual convention of NALU in Denver. Receiving proclamation is NALU President William E. North, New York Life, Evanston, Ill. Al-

so present during ceremonies in the governor's office are John R. Hartley, Massachusetts Mutual, Denver, who is chairman of the Denver association's convention committee, second from left, and Robert W. Frye, Northwestern Mutual, Denver, a NALU trustee and chairman of the national unit's convention committee.

## Gulf-Life & Casualty Merger Plan Ended

The board of Gulf Life has voted to terminate all consideration of the merger of Gulf Life and Life & Casualty.

"The audits and studies of both companies have been completed and the committees of both companies met in session August 14," M. S. Niehaus, president of Gulf, stated in a report to stockholders.

"The Gulf Life board of directors, in session Aug. 15, passed a resolution that consideration of a merger shall now cease and that all negotiations be terminated. Further, that the study committee is relieved from any further consideration of such merger. The resolution also stated that the best interests of the policyholders and stockholders would not be served by such a merger."

The resolution was introduced by Loper B. Lowry, vice-president and assistant to the president. Mr. Lowry has opposed the merger, and led the successful battle in the Florida state legislature to pass a bill blocking the merger. The bill requires that three-fourths of the stockholders and two-thirds of the directors of a domestic company approve of a merger involving an out-of-state company.

The Murchisons of Dallas have considerable holdings in both of these companies. They prepared for a merger by selling a part of their Gulf holdings to Life & Casualty last year. They are reported to own about 24% of Life & Casualty and about 12% of Gulf.

## Graduate Of Harvard Business School Tells Fellow Alumni Why He Enjoys Being A Life Agent

The satisfactions of being a career life agent were ably analyzed for a layman audience in a recent issue of the Harvard Business School Bulletin, the school's publication for its alumni. Writer of the article is Norman M. Wallack of the class of 1948, an agent in Boston for New England Life. In the article, which follows, Mr. Wallack tells why, after careful consideration, he chose life insurance selling as a career and why he has found so much satisfaction in it.

By NORMAN M. WALLACK

Standard equipment for a B-School alumnus is a built-in image of the ideal HBS man: Keen, tough-minded analytical, imaginative, farsighted and resourceful. At the same time, most of us have a mental picture of a life insurance agent: Unimaginative, plodding, high-pressure, ill-informed, persistent and annoying.

Given the clash between these two pictures, my Business School friends really raise an eyebrow when they find out that I am one of those "people with endurance—a man who sells insurance." There are very few graduate business school alumni in my end of the business, much less HBS types, though of course we have many alumni among the managerial personnel in the industry. So they immediately want to know how I ever ended up in such an occupation, and sit sadly expecting some horror story of a mis-spent youth and wasted opportunities.

### Announce Agenda For NAIC Zone 4

DES MOINES—The program for the zone 4 meeting of National Assn. of Insurance Commissioners to be held Sept. 24-26 at Milwaukee has been announced by the zone chairman, Commissioner William E. Timmons of Iowa.

A special "Conflict of Interest" panel session will be held Sunday afternoon and a general discussion on the subject at the regular session on Monday afternoon. U. S. Senator Thomas J. Dodd of Connecticut will be the featured speaker at the Monday luncheon.

The sessions will be held at the Schroeder Hotel in Milwaukee. Reservations may be made through Sidney L. Horman, vice-president Time, 735 North 5th Street, Milwaukee.

The agenda calls for an executive session of the commissioners and their staffs early Sunday afternoon and an industry session on taxes at that time. The panel on conflict of interest will follow.

Gov. Nelson of Wisconsin will give the address of welcome on Monday, with the morning session to take up recommendations of the examination committee on mortgage service fees; multiple peril policies and standard of ethics on claim practices. In the afternoon the group will take up destruction of records; conflict of interests, and rights of the policyholder in a mutual company to freely nominate directors.

Separate sessions will follow by casualty and A&S rate technicians, and on fire and allied lines. The Tuesday morning session will include a general and executive session with separate committee meetings.

Actually, the facts bear no resemblance to their assumptions. I am in this business because I like it, because I chose it after trying several other types of work, because it offers all kinds of opportunities for ingenuity in developing special insurance programs for particular companies and individuals. In so doing, I have come to the conclusion that business men are so sick and tired of life insurance salesmen that they are short-changing themselves by refusing to consider the many possibilities that modern life insurance contracts offer them, both in terms of their own estate problems and their company's needs. But I'll come back to that later; first, the hows and, more especially, the whys of my entry into this business.

When I was graduated from HBS, I was hired by a multi-plant soft goods manufacturer in the Midwest who offered me precisely the opportunity I sought at the time. It was a large organization, consistently profitable, run by a group of executives who were impressive in their accomplishments and personalities. The growth

(CONTINUED ON PAGE 20)

### Prudential Will Buy Empire State Building

NEW YORK—Prudential will become the owner of the Empire State Building under a leaseback arrangement with the present purchaser of the world's tallest building. Prudential already owns the land on which the building stands, having paid \$17 million for it in 1951.

Under the arrangement, Prudential will buy the building after the purchaser—Empire State Associates, an investment group headed by Lawrence A. Wien—takes title to it Dec. 27. Prudential, which is limited by law to an investment of \$48 million in any one property, will acquire the \$65 million building for only \$29 million from Mr. Wien and his group and will then rent the building back to him for \$3,220,000 a year for the first 30 years of a 114-year lease. After that, at intervals of 20 years, the rental will eventually drop to \$1,610,000 annually.

Prudential is selling the land to the Wien group for \$17 million. The land and the building will then be resold to Prudential as a parcel.

The low purchase price was made possible by the terms of the leaseback arrangement.

### Mutual Of Omaha Agents Elect Kershaw Assn. Head

John F. Kershaw, general agent of Mutual Benefit H.&A. and United Benefit Life at Providence, R.I., was elected president of Eastern General Agents' Assn. of the two companies at the annual meeting at Hershey, Pa. Mr. Kershaw succeeds Leo G. McManus, general agent at Pittsburgh.

### New Sparkle For 'Flaming Torch'

Liberty Life & Accident of Muskegon, Mich., has changed its "Flaming Torch" from a mimeographed to a printed publication, and is making it even more sales-directed than formerly. On occasion it will contain photographs or special reprints. The plan is to make more extensive use of pictures and increase the publication's size.

## IAHU Spokesman Gives Alternatives To King Bill

The federal government should launch a campaign by precept and promotion to encourage citizens in all walks—but especially those over 65—to avail themselves of good health insurance coverage. This was the suggestion of Oakley Baskin, Mutual H. & A. associate general agent in Buffalo, to the House ways and means committee in Washington.

Mr. Baskin, a past president of International Assn. of Health Underwriters, appeared as spokesman for the organization. Hearings were on the King bill, which would implement the Kennedy administration's program of social security tax increases to finance health care benefits for the over 65 population.

A wide range of voluntary coverages, through insurance companies and such plans as Blue Cross-Blue Shield are available to the aged, Mr. Baskin said. Some of the millions of dollars the government spends on pamphlets and other educational programs might be channelled into a campaign to help educate the public on ownership of health insurance, he added.

Speaking in opposition to the King bill, he pointed out the current problem of health care for the aged was being and would be met by voluntary coverage and the provisions of the Kerr-Mills social security amendments of last year. As the present working force moves toward retirement, it will be protected by post-retirement voluntary programs to a greater and greater degree.

### First Pyramid Life Holds Rally For Leading Agents

First Pyramid Life honored its leading agents at a convention at Edgewater Gulf Hotel, Edgewater Park, Miss., Aug. 17-20. The gathering was highlighted by business meetings, seminars, an awards luncheon, a managers and general agents meeting and was climaxed by the president's banquet and ball. The 50 couples attending also visited various points of interest of the Mississippi Gulf Coast. At the awards luncheon, among those receiving special recognition were Col. S. P. Kretlow of Columbus Ga., for winning the outstanding agency award for 1960 and R. A. Walters, Springdale Ark., man of the year.

## List Tex. Educator, R. B. Coolidge As Key CLU Denver Speakers

BRYN MAWR, PA.—Chancellor Harry H. Ransom of University of Texas will be the speaker at the American College conferment dinner Sept. 27 during the NALU annual convention at Denver, and Robert B. Coolidge, senior vice-president of Aetna Life, will address the annual breakfast meeting of the American Society of CLU, also on Sept. 27.

Chancellor Ransom heads the ninth largest U.S. institution of higher education and has been a faculty member there since 1935, having started as a part-time instructor in English. His principal field of research is copyright law, and the university in 1956 published his definitive study of the first copyright statute.

At the exercises preceding the conferment address, American College will award CLU and CLU associate designations and the diploma in agency management to about 1,075 persons. It is expected that nearly one-third of them will be present for the exercises. Other guests will include members of the class of 1936, which is the current 25-year class, and American College and American Society officers, trustees and directors.

During the breakfast meeting, election results for 1961-62 officers will be announced, and Lillian G. Hogue, New York Life, Detroit, American Society president, will receive the president's plaque and a silver pitcher. Several hundred members are expected to be on hand. Candidates who are to receive their CLU designations that evening are also invited as special guests of the society. Prior to the meeting, the Rocky Mountain CLU chapter will sponsor a "coffee corral" for those attending the breakfast.

### Crestview, Fla., Assn. Formed; Officers Elected

Life agents at Crestview, Fla. have formed the Crestview Assn. of Life Underwriters. Officers are Floyd L. Perrett, manager Liberty National Life, president; Henry L. Reeves, manager Independent Life & Accident, vice-president; J. Louis Noles, superintendent at large Independent Life & Accident, secretary-treasurer, and Jack E. Bonifay, associate manager Liberty National Life, national committeeman.



A tide in the affairs of men: An Independence (Kan.) news photographer caught this picture of nonchalance in the face of disaster as summer flood waters of the Elk River half-submerged a Prudential billboard.



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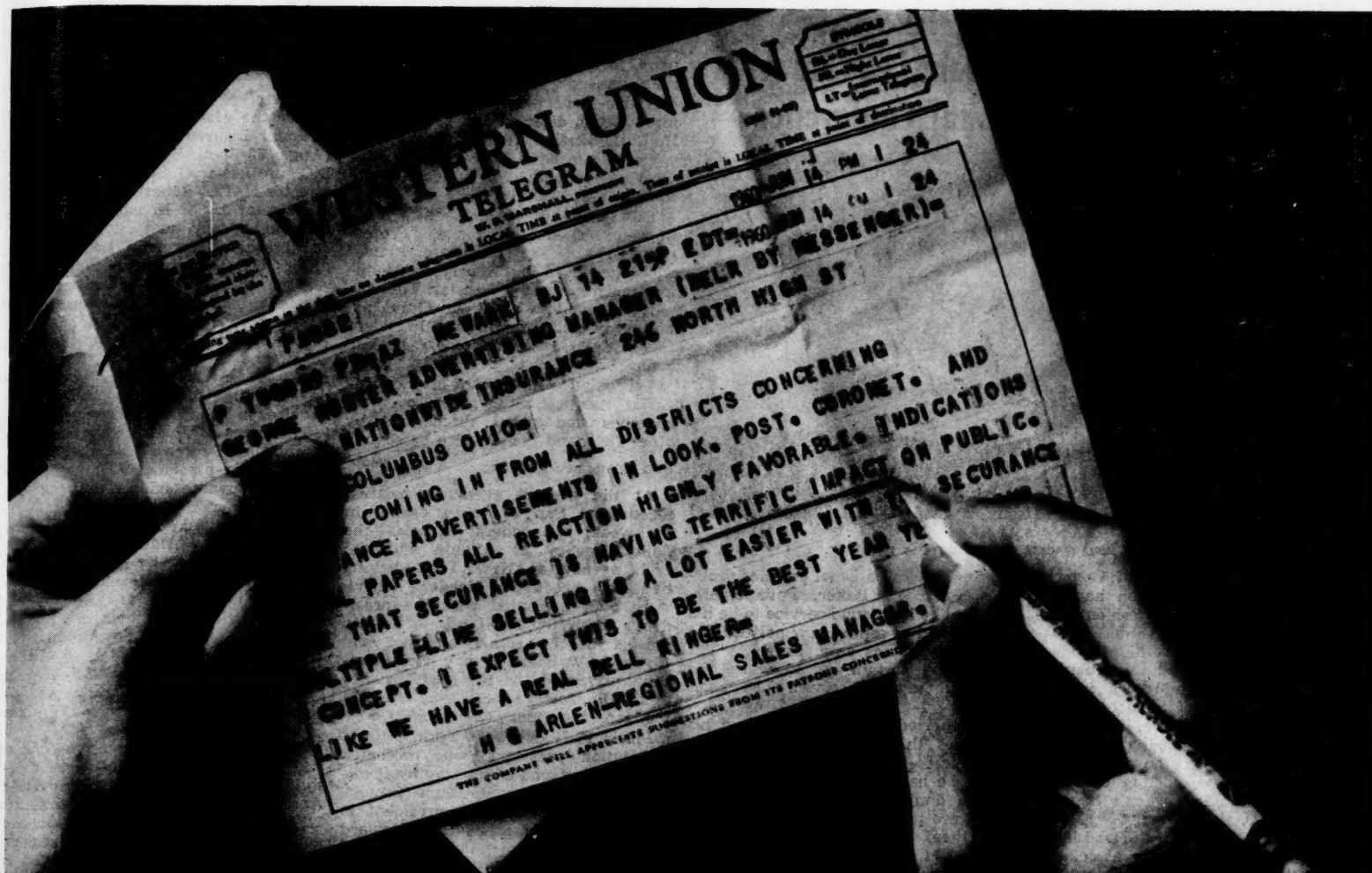
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## GENERAL AGENTS MEET IN SAN FRANCISCO

## 200 National Life Of Vermont Leaders At Honolulu Agents Educational Conference

Gov. William F. Quinn of Hawaii, left, places the traditional welcome lei on the shoulders of Deane C. Davis, president of National Life of Vermont, at the opening of the company's annual agents educational conference in Honolulu. Another recipient of the floral garlands is Bert J. Kimura, head of National's new general agency at Honolulu, which was host to the agents, home office officials and guests attending the meeting.



Some 200 National Life of Vermont production leaders were on hand to hear Deane C. Davis, president, declare at the company's annual education conference in Honolulu that National intends to be in the vanguard of the life insurance industry's crusade against the writing of replacement insurance. Mr. Davis' speech, in which he outlined what the company will do to tighten its rules on the issuance of policies to replace existing coverage, was reported in last week's issue of THE NATIONAL UNDERWRITER.

Earlier in the week National Life of Vermont's general agents association met in San Francisco.

L. Douglas Meredith, executive vice-president, in a speech at the Honolulu conference, declared that the individual in modern society tends to place too great a reliance on government to solve his problems rather than assume the responsibility for the solutions which rightly is his. In contrast, Mr. Meredith said, life insurance has played and will continue to play a major and invaluable part in the prudent exercise of accepting responsibility. He described an adequate cash value life insurance program as the only fundamental way that an individual—"the keystone of society"—can so readily and completely fulfill his responsibility to himself and society.

Gov. William F. Quinn of Hawaii, in his welcoming address, stressed the part that life insurance plays in personal, community and national secur-

ity. Speaking on a panel on sales problems, John W. Baker, Philadelphia, said that he had found service to be his best method of selling new policies. No sale really comes easy, he said, "but prospecting certainly does when the right amount of service has been done."

He reported that the majority of his big sales this year has come from two sources—referrals from clients for whom he has done a thorough job of service and from clients themselves who were pleased with the service he gave them.

David M. Boardman, Burlington, Vt., another panel speaker, said that the difference between the successful life agent and the mediocre one is that the successful man takes a common idea and does it uncommonly well. Both men have the same sources of ideas, information and knowledge.

The third panel participant, Joseph B. Rosner, Troy, N.Y., discussed the several factors which have helped him multiply his average annual volume and annual premium, among which he included an improved and more confident telephone technique, better presentation of trust and estate analyses and proper record keeping.

E. Price Ripley, Roanoke, Va., in a discussion of the four major areas of an agent's responsibility, said, concerning his responsibility to the public, that life insurance should always be sold on a needs basis. The public, he said, pays the bills "and will always

decide our future."

Other areas of responsibility outlined by Mr. Ripley were to the company, to the general agent and to the agent himself.

A two-scene play on estate planning, written, directed and produced by H. Edsel Hughes, home office underwriter, dramatized the value of adequately planned and funded estate and business insurance.

The second in the company's business insurance book series, "Professional Partnership Purchase Plans," was introduced by Robert H. Hennings, agents training director. The volume was written by Alden Guild, attorney, in collaboration with President Davis and David F. Hoxie, associate counsel.

The balance of the five-day educational meeting was given over to speeches and panel discussions by other field and home office personnel.

## San Francisco Meeting

At the general agents association meeting at San Francisco earlier in the week, two general agencies—the Dillon agency at Atlanta and the Rich agency at New York—having tied for production leader honors, were both presented with the president's trophy by Mr. Davis. A tie also existed in the runner-up spot and Clyde R. Welman, agency vice-president, presented the president's award to the Baggott agency at Seattle and the Haseltine agency at Cleveland.

Philip F. Hodes, New York, retiring association president, was presented with an engraved silver tray by President Davis. Joseph R. Blum, Omaha, was advanced from vice-president to president of the association. Howard M. Goodwin, Bangor, Me., was elected vice-president and William J. Cooper, Louisville, was named secretary-treasurer.

## Russell Speaks Twice

During the four-day meeting of some 100 general agents, Dr. G. Hugh Russell, Atlanta business management psychologist and a consultant for National Life of Vermont, addressed the group on two occasions. In one speech titled "Fears, Frustrations and Frigidity," Dr. Russell said that helping others to overcome fears, to become better salesmen, for example, requires genuineness as a person, being one's self. Further, people need the individual, tailor-made creative help of their executives. And general agents, he said, have one of the most powerful tools to be effective movers of people—a combination of self-insight, work they believe in and a healthy supply of coverage.

In his second talk, "So What's the Problem?" Dr. Russell said that perhaps the commonest reason for failing to find an adequate, workable solution is that the specific problem is not clearly stated. The clarity may be hard to reach for a number of reasons, including considering a problem as a single one when it may be a series of related ones, a constant change in the problem and one's behavior standards.

The best solution also is hard to find for these and for other reasons, among which would be included overlooking some causes of the problem, not enough help from others involved and not wanting to recognize the best solution, Dr. Russell said. Language is exceedingly inexact in describing people and problems. A word can mean different things to different people. Thus, he reiterated, a solution to any problem is not far away when a problem is clearly and accurately stated.

## NIA's 41st Annual Convention Slated For Washington, D. C.

Among the top-flight speakers lined up for the 41st annual convention of National Insurance Assn. next week (Aug. 30-Sept. 1) at Washington, D.C., are Lester O. Schriver, managing director NALU, Robert C. Weaver, administrator U. S. Housing and Home Finance Agency, and Hickman Price Jr., assistant secretary for domestic affairs, U.S. Department of Commerce.

More than 600 delegates are expected to attend the meeting, which will be presided over by Virgil L. Harris, president Protective Industrial of Birmingham, and the association's current president. The theme of the three-day meeting will be "Expanding Our Services in Today's Economy."

Theodore A. Jones, vice-president-controller Supreme Life of Chicago, and 1st vice-president NIA, will deliver the keynote address during the opening general session.

A symposium, "The Negro's Contribution to the American Economy," will be moderated by W. J. Kennedy III, convention chairman. Participants and their topics are Sherman E. Broscow, U. S. Department of Agriculture (agriculture); George L. P. Weaver, U.S. Department of Labor (labor); Leroy W. Jefferies, Johnson Publishing Co. (general business), and Norman O. Houston, president Golden State Mutual (insurance).

A panel, "A Comprehensive Review and Discussion of Life Insurance Consolidations, Mergers, and Reinsuring Agreements," will have as panelists L. R. Taylor, NIA vice-president, and actuary Mammoth Life & Accident, "The Actuarial Problems Involved in Consolidations and Mergers;" G. Stevens Marchman, president-executive director Miramac Foundation, "The Financial Aspects of Mergers and Consolidations," and Mr. Houston, "The

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## Up To \$100,000 Payable Under Mutual Of N.Y. Accidental Death Policy

NEW YORK—Mutual of New York has begun issuing the new accident policy that it announced last May but which has been awaiting approval in various states until now. It is especially designed for business men who do a lot of traveling. It can provide up to \$100,000 coverage for passenger travel in a common carrier—airplane, train, bus or even a taxi.

The plan, called the Executive Travel accident policy, is written in four basic accidental death benefit amounts ranging from \$10,000 to \$25,000.

Quadruple death benefit coverage is provided for common-carrier accidents, double for private automobile travel as a driver or passenger, and the face amount for non-travel accidents.

Some one other than the insured—the wife of a businessman, for example—may purchase the policy and be designated the beneficiary and owner. This would keep the proceeds of the policy out of the insured's gross estate where federal estate taxes would be applied.

The policy will not be sold in Canada and triple rather than quadruple benefits for common-carrier accidents will be paid to Californians to comply with laws in their state.

Full benefits—including double and quadruple indemnity—are provided for the accidental loss of two or more limbs or both eyes, as well as for accidental death.



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## Tex. Legal Reserve Officials Assn. Elects C. C. Yost President

Extension of support to insurance education, election of new officers and special honors were mingled with speeches at the annual convention of Texas Legal Reserve Officials Assn. at Houston.

C. C. Yost, senior vice-president Union Bankers of Dallas, was elected president.

Other new officers are Sam T. Cobb, Coleman Life of Coleman, 1st vice-president; William H. Delaney, Old National of Houston, 2nd vice-president, and D. J. Hundahl Jr., National Security Life & Accident, Dallas, secretary.

Newly elected board members are Daniel Hruska, Capital National Life of Houston, J. W. Littrell, Colonial American Life of Corpus Christi, R. L. Claxton, Standard Reserve of Gainesville, and R. O. Stringer, Ideal Life of Kirbyville.

TLROA voted a resolution of commendation to University of Texas's insurance department and John S.

Bickley, department chairman, for planning "an expanded and comprehensive program of training future insurance leaders in Texas." Financial support, including two \$500 scholarships, was voted by the association to assist in the program.

A silver service for outstanding service to the industry and to TLROA was presented to Mac Roy Rasor, former TLROA executive secretary, and Mrs. Rasor. Mr. Rasor was executive secretary from 1955 until April of this year.

In convention speeches, the executives heard a call to build better public relations for the industry, warnings on the effects of intense competition for volume selling and a comparison of the American life insurance industry with its counterpart in Western Germany.

Thomas C. Ferguson, chairman of the Texas Board, emphasized the vast gulf between fact and popular conception of what the insurance industry is and how it operates.

As an example of this gulf of misunderstanding, Mr. Ferguson said the board had received letters from persons who thought their life insurance

premiums would go up because of the recent hike in auto insurance rates. "I would like," he said, "to help others see you as I have had an opportunity to do and form the same high opinion for you that I have formed from my experience."

He called on all segments of the industry to join in efforts to create in the minds of the public a more accurate image of the insurance industry as one of active and faithful service.

Three growing dangers developing out of today's life insurance selling trends were cited by Benjamin N. Woodson, president American General Life. Mr. Woodson is also vice-president of Texas Life Convention and officially represented that organization at the TLROA meeting.

The three problems, said Mr. Woodson, are the declining premium per thousand; diminishing profit margins, and the increasing number of buyers being persuaded to replace one insurance policy with another.

### First Area Noted

In the first area, he noted that companies are selling more term insurance, less endowment. He urged that insurance men re-ignite their own and the public's appreciation for the merits of permanent-type, cash-value insurance. The second category, he observed, results from the industry's cutting its prices in the face of rising costs. He said the drop in premiums seems to be outrunning improved mortality. In the third area, he advocated that all companies put the policyholder's interest first and never be a party to persuading a buyer to trade in an old policy on a new one. The arithmetic used to bring about such exchanges is deceitful, he declared.

The life insurance industry in Western Germany is more similar than dissimilar to that in the United States, said Dr. Carl A. von Thaden, presently director of medical underwriting for Munich American Reassurance of Atlanta, Ga.

### Private Insurance Illegal

But on the other side of the line in East Germany, it is a different story, according to Dr. von Thaden. Private insurance is illegal in East Germany, he said, but even if it were not, the East Germans have too low a standard of living to be able to afford premiums.

In West Germany, he said, persons above a certain income bracket may elect either to participate in national Social Security or buy private insurance. One considerable incentive for insurance buying, he said, is the fact that life insurance premiums, up to a certain amount, are deductible from the individual's income tax.

Other speakers included Thomas Robinson, executive vice-president Munich American Reassurance, who discussed "The Relationship of the Direct Writing Company and Its Reinsurer" and the Rev. William P. Deatherage, pastor of Second Christian Church, Houston, who spoke on "The Greater Life."

### PBML Has Good First Half

New life insurance written by Professional & Business Men's Ins. Co. of Dallas and Denver during the first half of 1961 totaled a record \$17 million for a 29% gain over the same period last year. Annualized premium income from new life reached approximately \$550,000. Through reinsurance earlier this year of PBML of Denver, the company has grown during 1961 from life in force of about \$160 million to more than \$240 million.

## Lexington Life Assn. Lauds Mass. Mutual On Franchise, Group Stand

Lexington (Ky.) Assn. of Life Underwriters has adopted a resolution on group or franchise cover for associations of individuals commending Massachusetts Mutual Life for not accepting cases involving this type of business as of April 4, 1961. The association's resolution reads in part:

"Lexington Kentucky Assn. of Life Underwriters heartily approves, commends, and thanks the officers and agency staff of this company on its decision and further hopes that this will set a precedent for all other life insurance companies to follow, and we urge all local and state organizations to take similar steps in approving this principle." (The life insurer was not mentioned by name but as a "major life company.")

The resolution also included the Lexington association's decision to forward copies of the resolution to the NALU board, officers, committee chairmen and members and ask that the national association forward copies to each member company of American Life Convention, Life Insurance Assn. and LIAMA. The resolution also called for copies to be sent to all trade journals.

### Outline Reasons

In the covering letter from the association to THE NATIONAL UNDERWRITER it was pointed out: "This is the first time a company has taken a reverse stand on franchise or groups of associations of individuals . . . The effect of issuing these persons 'adequate' coverage through association groups has had a de-moralizing effect on many an agent. In many instances, these franchises have put life agents out of business."

"Believe it or not, through a local, a state, a group of states, a special field, a regional, a national group (all of the same profession), an individual paying dues to each of these groups can—in the case of life insurance—get at least \$120,000 of term coverage (\$20,000 for each group if state law permits, in which case most of the 50 do—and many go even higher). This same duplication applies to A&S."

## LIAMA Training Directors Hold Meeting At Fargo

Seventeen training directors representing 13 life insurance companies attended the two-day summer meeting of North Central Training Directors at the home office of Pioneer Mutual Life. The group is a sub-division of the committee on education and training of LIAMA. The north central area includes Minnesota, North Dakota, South Dakota, Nebraska and Colorado.

Topics discussed included general agent and manager training follow-up, the new man's first week, motivating the man, the organized sales presentation, audio-visual in recruiting, and sales promotion ideas that work. The spring meeting is scheduled for Feb. 7-9, 1962, at the home office of Security L&A., Denver.

### Ministers L&C. Union Results

Insurance written by Ministers L. & C. Union of Minneapolis the first six months was more than double the first six months last year. The first-half total for 1961 was \$10,713,611, bringing the in-force figure to more than \$30 million.



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Young man with high potential. And a growing paycheck. Not big enough yet for all the permanent protection he needs. But it will be someday.

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Make sense to him? Ask him and see.

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## IN LIAMA REPORT:

## Three Companies Give Details Of Orphan Policyholder Programs

Detailed outlines of three orphan policyholder programs, published by LIAMA as a part of its study of the chronic problem of neglected insured, are set forth below. The main body of the LIAMA report appears elsewhere in this issue.

### Mutual Of N.Y.

Leads are developed in each agency by one of the clerical staff who is trained in this function. They are assigned to agents participating in the company's orphan policy-owner program, agents generally in their second through fifth year who have been specifically trained in policy-owner service selling. (Except in special circumstances, no orphan leads are assigned to agents with less than one year's experience.)

An agent is assigned a stipulated number of leads each month. To continue in the program, he must accept these leads. If at any time the number of leads in his possession exceeds 20, he must put on deposit a \$1 returnable fee for each lead in excess of that number. He either deposits the dollar or drops out of the program. If he fails to make an acceptable report back on any such lead by the end of the current year, he forfeits the lead and the deposit. The report is made to the agent's supervisor and must show whether he interviewed the orphan policy-owner and, if not, why not.

### How Insured Become Orphans

Policy-owners orphaned by the selling agent's termination, transfer, etc., all fall under the program. Policy-owners orphaned by change of residence are also funneled into the program whenever possible; there may, however, be exceptions.

The company is generally well satisfied with the operation of the plan. However, two specific difficulties are mentioned:

—As part of the interview the agent explains to the policyholder his cash value and dividend accumulations. This information is furnished in most instances by the agency office, which involves extra work and initially created some administrative problems.

—Accurate reporting of results. Although the company has a "charge for leads" to assist in tracing results accurately, it appears that some of the orphan business obtained is still unreported.

The director of conservation is part of the merchandising staff of the sales department and is responsible for the company's orphan policyholder program and conservation program. One addition was made to the clerical staff in the home office to assist in the administration of the program.

In addition, the company uses some of its management trainees to visit agencies and stimulate activity in the program.

### Home Life Of N.Y.

The company has devoted special attention to the problem of orphans created by change in residence, although there is also a standard pro-

cedure for dealing with orphans created by the agent's termination.

Orphans created by the agent's termination: The manager sends a letter to the client of the terminated field underwriter advising that the

company will continue to offer service through another agent. In lieu of this letter, a personal call may be made by the agent provided contact is made within a few weeks. If contact is not to be made until the annual review date, the letter is required.

This procedure is followed when the agent is not remaining in the business.

Where the termination agent is staying in the life insurance business, the company writes a different letter offering its continued service but permitting the client to elect to have his

insurance affairs handled by the terminated agent. Before turning over the client file information to the terminated field underwriter, the company requires a form signed by the client releasing the company of any responsibility for continuing service (except as it applies to a particular policy in force).

In either case, the manager reports to the home office to indicate his agency's plan for following up the orphan clients of the terminated agent.

Orphans created by change in residence: Where a policy-owner is or-



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We compiled an impressive list of such values—into a convenient folder entitled "50 Features of Your Life Insurance Contract." It is a constant reminder to our Field Force, and a strong sales tool as well.

Now, to help you to again carry the Life Insurance Banner high, we make this folder available to any life insurance man, regardless of company affiliation, for his personal use.

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phaned by having changed his residence, the procedure starts off with an address change notification. It is the responsibility of each manager to assign someone to follow up promptly on each notification he receives. The company does not make an automatic change of collections, but automatic notification of address change does stimulate early contact and has considerably increased the number of collection changes experienced in the past year since adoption of the automatic notice.

The company does not have any

formalized pressures or incentives to assure that an agent will follow up promptly on an assigned orphan case, but most managers have their own required reporting system with a time limit. If contact is not made within the time limit, the orphan case is returned, and new cases are not generally given until there is evidence that the others have been acted on. There are no service fees transferred, but new business written on the client is, of course, given to the man who has taken over the orphan whether he is a terminated

agent's client or an address-change orphan.

The company's program has aimed at breaking down reluctance to transfer cases by giving active clients in exchange for those who have moved out of the area. Although no attempt is made to see that an equal number of cases are exchanged, the agent is urged to consider that the numbers should average out over time and that even one good case is better than five cases that he can have little hope of contacting effectively.

One way the company has overcome

reluctance to call on orphans has been to initiate several programs that are specifically designed for calls on old policy-owners; such as, the college paid-for-rider, the guaranteed insurability option, and the term additions option.

No one person is in charge of the orphan policy-owner program; the sales department generally has been responsible for developing and carrying out the program.

The company reports an increase in the amount of business received from old policy-owners and is certain that part of the increase is attributed to the more careful cultivation of its orphans.

#### Comments On Results

The company comments on its results as follows:

"We keep accurate records as to the reported business obtained through this program. There is no question that it has proved beneficial, not only as a source of additional quality business for the company, but a large number of agents have used this program to upgrade their markets and to increase their earnings.

"In addition, many policyholders have commented favorably on the kind of service sales interview we conduct. They appreciate someone from the company reviewing their insurance program with them."

#### Continental Assurance

To develop orphan leads, the company periodically has its electronic data processing unit run quadruplicate forms representing policy-owners in a specified area not currently serviced by active agents in the area.

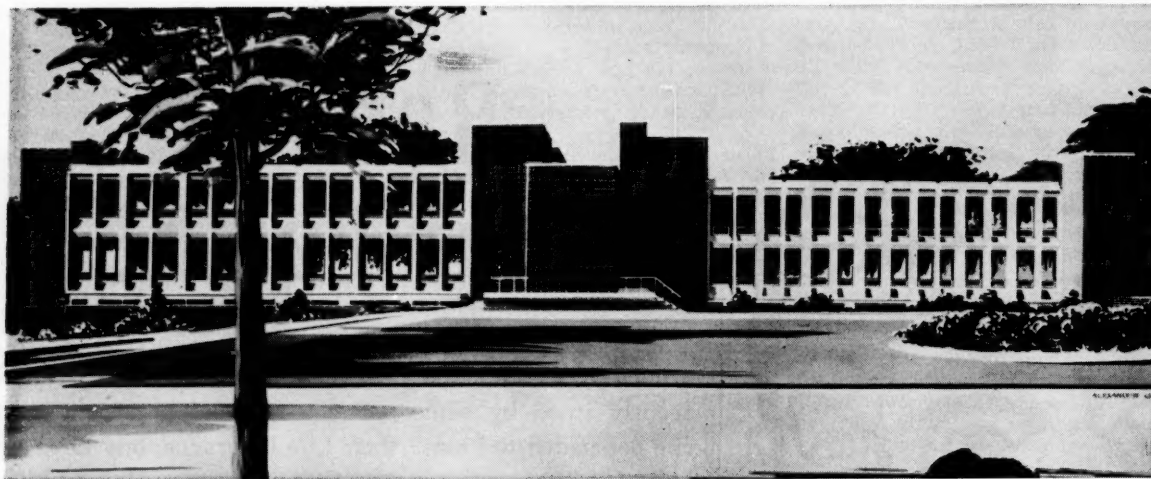
The first copy is sent to the original general agent seeking his permission to reassign his orphan policyholder to an agent who can service it more conveniently. When his affirmative reply is received in the home office, two copies are sent to the new general agent for servicing the insured (one for the general agent's file and one for the soliciting agent to whom he assigns the case). The last copy is filed in the home office for recording results upon reply from the new agent assigned. This applies only when the original general agent is active.

If the original general agent has been terminated, the first copy is thrown away and the second and third copies are sent immediately to the new general agent. The fourth copy, once again, is set for follow-up.

If the general agent's reply is "no" for reassignment and if a very definite, satisfactory reason is given, the remaining three copies are pulled and discarded.

Next, a form letter is sent to the insured explaining the reason for reassignment and giving the name and address of the new servicing agency. This letter is sent by the Policy Lead Bureau upon reply from the new general agent assigned or within thirty days of the date the lead was sent to him. Furthermore, if there is no sign that the policy-owner has not been contacted within thirty days, the company sends an inquiry as to the reason. Thus there is some pressure put upon the new agency to make contact with the insured.

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- Last year 813 received CLU designations, an 18% increase over the previous year.
- A total of 442 study classes met in 211 cities during the 1959-60 academic year.
- In June 1960, 6773 candidates took 8,499 examinations at 186 university centers.
- CLUs are highly successful income-wise, with a median annual income of nearly \$20,000.
- CLUs produce about 50% more business than comparable non-CLUs.
- The American College of Life Underwriters this year completed Huebner Hall, its new headquarters (shown above) at Bryn Mawr, Pennsylvania.

CLU study can increase the life underwriter's comprehension of the economic, social and technical aspects of life insurance... his convictions about the product he is selling... his confidence in his approach to prospective clients.

If you have not started your CLU studies, talk with your general agent or manager, or write to Dean Herbert C. Graebner, American College of Life Underwriters, Bryn Mawr Avenue, Bryn Mawr, Pennsylvania.

**Connecticut Mutual Life**

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## MORE SPEAKERS FOR MEETING ARE ANNOUNCED

## Colo. Life Insurance Week To Salute NALU Denver Convention

Gov. McNichols of Colorado has issued an executive order designating Sept. 24-29 as Life Insurance Week in the state. Observance of this event will coincide with the annual convention of National Assn. of Life Underwriters in Denver. Gov. McNichols signed his order in the presence of NALU President William E. North, NALU Trustee Robert W. Frye, Northwestern Mutual, Denver, chairman of the 1961 convention committee, and John R. Hartley, general agent of Massachusetts Mutual and chairman of the Denver association's convention committee.

In his proclamation, the governor urged all citizens of Colorado to "avail themselves of this opportunity to learn more about life insurance and what it can do for them, especially taking this occasion to see that it is so arranged as to be of utmost value to the beneficiaries." He lauded the institution of life insurance for its contributions to the great social and economic changes that have marked "our personal and national development," and praised the Colorado Assn. of Life Underwriters for its role in informing the public of the many and broad aspects of life insurance.

Coincidentally, NALU and General Agents & Managers Conference announced the names of additional speakers for the convention.

### Kansas City Mayor To Speak

The final speaker to be announced for the Sept. 28 morning general convention program is Mayor H. Roe Bartle of Kansas City, who has addressed many national and local organizations and whose addresses "are replete with wholesome humor and philosophy," according to the NALU announcement. Speaker for the Women Leaders Round Table dinner Tuesday evening, Sept. 26, will be Charles R. Tyson, who was elected president of Penn Mutual Life earlier this year. His subject will be "Tough Bosses."

Four widely known agency officers will participate in a panel discussion on "What's Happening in the Market-Place." This will take place during the agents forum, Tuesday evening, Sept. 25, at the Denver Hilton Hotel, under the auspices of the NALU committee on agents activities, headed by Joseph B. Davis, agent of Home Life of New York at Detroit and a trustee of NALU. The panelists will be:

Rufus E. Fort Jr., vice-president in charge of field research, planning and development of National Life & Accident.

Dean W. Jeffers, vice-president in charge of sales of Nationwide.

Sayre MacLeod, vice-president of ordinary agencies of Prudential.

Robert E. Templin, director of agencies of Northwestern Mutual Life.

Forum moderator will be Burkett W. Huey, managing director of LIAMA. Mr. Davis will act as chairman.

### Departs From Past Pattern

"In the past, NALU agents forums have been devoted to close examination of specific areas of selling or to specific problems directly related to the environment in which we sell," said Mr. Davis in announcing the panel lineup. "This year, however, we are taking a long, hard look at the broad picture of life insurance merchandising through the eyes of four knowledgeable

and influential agency executives in the hope that we can gain clearer understanding of trends and developments in our business that directly affect the career life underwriter."

Lester O. Schriver, executive vice-president of NALU, and Judd C. Benson, manager for Union Central Life at Cincinnati, complete the list of speakers for the GAMC program during the NALU meeting. Mr. Schriver's appearance will be one of his last while serving as executive vice-president of NALU.

"We have asked Mr. Schriver to address us on this occasion, the 10th anniversary of GAMC, because of his long record of devotion to life underwriting and agency management," said L. Kent Babcock Jr., Aetna Life, Philadelphia, GAMC program chairman. "We believe him to be one of the more

qualified men to discuss the influence on the industry that field management has in relation to leadership, direction and obligation."

Mr. Benson is a former chairman of GAMC and a past president of NALU. He heads one of his company's leading agencies and has for many years served on institutional committees and boards. He has spoken extensively on agency management subjects before industry organizations, his own company and many agencies of other companies.

### Western Life Makes Final Move From Helena Offices

The final shutdown of the Helena offices of Western Life was Aug. 17 and the last contingent of Western employees will arrive at the home office in St. Paul Aug. 22. Arrangements have been made to welcome them and orient them in their new location.

### Another Premium Volume Up

Federal Life & Casualty Company reports a premium volume of \$8,724,350 for the first six months, an increase

### Mabel Criss Gives Medical Center To Creighton University

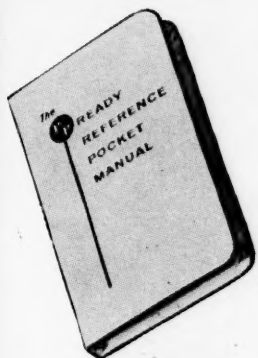
An impressive gift of undisclosed size has been made for erection of a new medical center at Creighton University of Omaha by Mrs. Mabel L. Criss, widow of Dr. C. C. Criss, founder of Mutual Benefit Life. Dr. Criss was a 1912 graduate of Creighton University's school of medicine.

The gift was termed "by far the largest ever made to Creighton," by the Very Rev. Carl M. Reinert, university president.

Although plans are still on the drawing boards, it is hoped that construction can begin sometime in 1962. The proposed site will be on the Hill-top campus.

The center will contain research and office facilities, an out-patient department, a classroom-laboratory building, and the school of pharmacy.

of \$531,207 over the same period last year. Total life premiums collected were up 16% and total A&S premiums 2%.



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## Home Office Changes

### Metropolitan Life

William A. Berridge, recently retired economist of the company, has been retained as a consulting economist on a part-time basis.

Mr. Berridge has long been active on insurance industry committees studying fiscal policies and investment research. He has also served as an ad-

visor to the Federal Reserve System, U. S. Department of Commerce, Census Bureau, National Bureau of Economic Research and the Committee for Economic Development.

Among the professional associations which he has served as president, chairman or a vice-president are the Market Research Council, Conference

of Business Economists, American Finance and Statistical associations and the Metropolitan New York Economic Assn. He is a member of the council of the Harvard Foundation for Advanced Study and Research.

In his retirement, Mr. Berridge will make his permanent home in South Egremont, Mass.

### United States Life

John P. Truesdell has been appointed training consultant. He was an independent broker at Huntington, N.Y., until 1951, when he became Brooklyn

manager for Hartford Life. He is a CLU.

John M. Walker has been named assistant superintendent of agencies in the A&S division. He began in the business six years ago with Monarch Life.

### Mutual Benefit Life



Robert Shapiro

Robert Shapiro has been put in charge of a new pension sales unit, which will coordinate activities of the agency and group field force in developing pension business. His title will be director of pension sales. He has been director of group pensions.

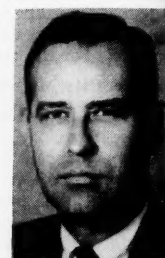
Assisting Mr. Shapiro will be William A. Logan, in charge of individual policy pension business, and Edward J. Gaudette, in charge of group pension business. Both men will hold the title of assistant to the director of pension sales.

### American United

George H. Rieger has been named pension sales and service manager for the group department. He has been in the business five years, most recently in the group pension field.

### State Life, Indiana

Edward E. Thomas has been appointed supervisor of agencies. He was previously with Union Central Life at Philadelphia as assistant agency manager. Prior to that he served five years as assistant manager of training for American United Life at Indianapolis. Before that he had experience with the Manufacturers Life and New England Life.



Edward E. Thomas

### John Hancock

John D. Goethel has been made associate counsel. He joined the company in 1956 as an attorney and was made assistant counsel in 1957.

### Old South Life



G. L. Carter

G. L. Carter has been named agency vice-president. He was formerly with Penn Mutual Life. In addition to the agency development program of Old South, his duties include responsibility of over-all sales efforts.

### Lincoln National

Ian M. Rolland has been named assistant actuary and four others have been advanced to actuarial assistants: D. J. Evans, John T. Glass, Joseph E. Sullivan and T. E. Smalley.

### Pacific National

Alan K. Peterson has been named assistant actuary. In 1946, he became assistant actuary of a life company, and in 1956 he moved to San Fran-



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cisco as resident manager for Harry Tressel & Assoc., an actuarial consulting firm. In 1958, he became assistant actuary for Fireman's Fund at the home office.

### Travelers

Harvey J. Saffair, assistant actuary, accident and group actuarial department, is now assistant secretary and has been transferred to the group department. He joined the company in 1951 as an actuarial student. He is a fellow of Society of Actuaries.



Harvey J. Saffair

Frank E. Walton, manager of the fire and marine agency department at Richmond, Va., has been named assistant superintendent of agencies, casualty-fire agency department. He has been supervisor, assistant manager and manager at Jacksonville, Fla., Orlando, and again Jacksonville, respectively.

### Manhattan Life

J. Harold Flynn has been named general agent at Little Rock. He is a former vice-president and agency director of American Life & Annuity of Little Rock.

### Life Of Pennsylvania

William Frost has been appointed chairman of the newly-organized finance committee. Mr. Frost is president of A. W. & W. M. Watson, Newtown, Pa., lumber company.

### Fidelity Mutual Life



John D. Hicks

John D. Hicks, treasurer, will retire Sept. 1st. He joined the company in 1922, and was appointed assistant comptroller in 1946 and treasurer in 1951. He was a vice-president of Insurance & Statistical Assn. for several terms and has been active in New York Insurance Accountants Club.

### American National

Robert R. Kirkpatrick has been named assistant vice-president in the mortgage loan department. He has been an appraiser and manager of investment real estate for the past 11 years with the Mutual Benefit Life and prior to that he was with Prudential.

### Midwestern United Life

Richard Wagner has been named agency secretary. He joined the company in 1960 and was recently agency assistant.

### Lutheran Brotherhood

Carl F. Granrud, president, has been appointed board chairman succeeding J. A. O. Preus, former governor of Minnesota, deceased.

### Acacia Mutual

Chadwell Hawkins has been promoted to 2nd vice-president and will be in charge of all of the company's underwriting activities. He has been a member of the home office for more than 22 years. Dr. Albert Rigsbee, who joined the company in 1952, has been

named medical director. For the past eight years, he has been assistant medical director. Dr. Merwin Hummel has been promoted to associate medical director. He too has been an assistant medical director.

### Hartford Life

Garrison Lowe Jr., administrative consultant in the group department, has been made assistant secretary.

Ivan G. Eagleson, a mortgage loan analyst, has been made assistant manager of the mortgage loan department.

William J. Cahill, attorney, has been made assistant counsel.

### Nw National

Dwayne Andreas, vice-president Farmers Union Grain Terminal Assn., has been named a director, succeeding Paul D. Grady, chairman Nationwide Mutual Fire, who has resigned from the board.

### Equitable Society

Bruce L. Roberts has been named assistant to President James F. Oates Jr., succeeding Raymond G. McCullough, who returns to his post as as-



sociate group underwriter. Mr. Roberts has been editor of "Agency Items" and coordinator of community relations and special events in the press relations division. Mr. Roberts (left) is shown in the above photo with Mr. Oates.

### Bankers Life, Iowa



O. T. Norvell Jr.

O. T. Norvell Jr. has been named agency superintendent. He has been in the business since 1949.

### Standard Security Life

Kenneth R. Hendra has been made assistant counsel. He was a contract supervisor of the A&H division of United States Life and before that attorney with Fidelity & Casualty Co. and Great American Ins. Co.

### Republic National Life

Wayne J. Hyde has been named assistant director of personnel. He joined the company in 1958 as personnel assistant.

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## Changes In The Field

### General American

Willard H. Johnson has joined the company's Chicago district group office in association with District Group Manager Thomas H. Stewart. Mark C. Hammett will work at Dallas with District Group Manager Wallace L. Wingfield. Mr. Johnson has been in the business since 1954 as a repre-

sentative for Minnesota Mutual and as regional group manager at Chicago for American United Life. Mr. Hammett entered the business in 1956 and has been associated with Provident L.&A., Life & Casualty, and Mutual Benefit Life. Paul E. Graesser has been promoted to the position of assistant district group manager at Chicago. He, too, will work with Mr.

Stewart. Mr. Graesser joined the company in 1957 under a group sales training program and has served in the Chicago district group office since completing his training.

### West Coast Life

Walter R. McKee has been named superintendent of agencies at Seattle. He was previously manager there.

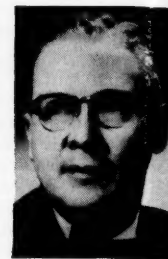
### Franklin Life

Adam Vetter has been appointed general agent for Sangamon County,

Ill., with offices in the Franklin Life Building at Springfield.

### United States Life

Insurance Survey Co. has been appointed general agent at Chicago. The agency was formed in 1957 by Robert E. Trembley and Frank F. Berglund. It has specialized in surveying commercial and industrial firms and will continue as an all lines agency.



F. Arnold Shaw

F. Arnold Shaw has been made general agent in Bay City, Mich. Since 1953, he has been an independent broker at Bay City, and before that was with Paul Revere and Northwestern Mutual.

### Travelers

Paul A. Robbins, manager at Santa Ana, Calif., has been made manager at Long Beach, Calif. He joined the company in 1955 at Grand Rapids. Wayne E. Deswert manager at Tren-



Paul A. Robbins



Wayne E. Deswert

ton, has been appointed Baltimore manager. He was assistant manager at Hackensack and before that was a field supervisor at Newark.

Harold B. McElrath, manager at Long Beach, has been made special services consultant. He joined the company in 1933 at Los Angeles and was transferred to Long Beach in 1941.

Robert C. Bridegum, assistant manager at Camden N. J., has been made manager at Trenton.

### Occidental Of Cal.

Gordon Simpson has been named regional group manager at San Diego. Mr. Simpson, formerly associate regional group manager, has been six years at Los Angeles. He joined Occidental as group sales representative in 1955, was promoted to assistant regional group manager in 1956 and to associate regional group manager in 1959.

Robert Young has been transferred from San Diego to Long Beach as associate regional group manager. He joined the company as group service representative at Los Angeles in 1953 and subsequently transferred to sales at Philadelphia. He headed the Newark sub-office as associate regional group manager from 1957 to 1959 and, since then, has been in charge of the San Diego office.

Three additional promotions, one transfer and four appointments to the group field force at Atlanta, Chicago, Los Angeles, Miami and Toronto were also announced. At Atlanta, John Schowe has become group sales representative, and Robert Edmunds group sales trainee. At Chicago, Benjamin Cikanek and John Fazio have been named group service representatives. At Los Angeles, Harman Harold has been promoted to group sales



**WHICH KEY OPENS MORE DOORS?** The gold CLU key is an honored symbol of knowledge and service. It fits no lock, yet it unlocks many doors that might otherwise remain closed. MONY salutes those Field Underwriters who, through hard work and intensive study, have distinguished themselves by the attainment of the coveted CLU designation.

# MUTUAL OF NEW YORK

The Mutual Life Insurance Company Of New York, New York, N. Y.  
Sales and service offices located throughout the United States and in Canada



FOR LIFE, HEALTH, GROUP INSURANCE, PENSION PLANS **MONY** TODAY MEANS **MONEY** TOMORROW!



representative and Ross Williams transferred from home office training to the field. At Miami, Philip Elmore has advanced to group sales representative. At Toronto, Ronald Mills has been appointed group sales trainee.

A North Carolina branch office has been established in Charlotte. E. Kelly Bowman, with six years' sales and administration experience, has been appointed branch manager. He recently served as assistant manager at Pasadena after nearly two years in the home office agency administration department in Los Angeles. Formerly, he was with Prudential four years as an agent in Alhambra, Calif.

Phoenix. He joined the company in 1956 as a group service representative in Kansas City.

### Bankers Life of Ia.



R. J. Schulz

Ralph J. Schulz has been named agency manager at Louisville. He joined the company in 1955 as a salesman there, resigning in 1957 to become division manager at Louisville for Prudential. He then became agency manager there for Occidental and re-

turns to Bankers Life from that position. He entered the business in 1951 with Home Life.

Three new group sales appointments have been made. R. W. Click has been promoted to Oklahoma group manager and William D. Kilgore to assistant regional group manager at Dallas. William L. Gill has been named group representative at Houston. Mr. Click joined the company in 1959 as group representative at Dallas. Mr. Kilgore joined the company as a group representative in 1960 at Dallas after three years experience in group insurance. Before joining the company, Mr. Gill was associated in group insurance sales work at Houston.

### Berkshire Life

Edgar P. Rosenberry Jr. has been made supervisor of the Alfred H. Cole agency at Philadelphia. He entered the business in 1939 with Prudential in Abington, Pa.

### National Life of Vermont

Norman H. Hensley has been made associate general agent at Chattanooga. He has been life manager of the Stanley Lachman general lines agency.

### Prudential

William A. Daoust has been promoted from agent to staff manager at Bay City, Mich. He joined the company in 1959.

### Hartford Life

John R. Drescher has been made manager at Birmingham. He has been at Birmingham as general agent for Kansas City Life and as a supervisor for Lincoln National.

### Mutual Benefit Life

Alvin L. Ross has been made a supervisor at the Solomon Huber agency, New York City. He has been in the advanced selling department of Connecticut Mutual and has been a CLU teacher.

### Aetna Life

Glenn B. Moore has been made director of agencies with headquarters at Los Angeles. He joined the company in 1947, became assistant general agent at Lansing, and later was

associate general agent there. In 1959 he became superintendent of agencies at Hartford.

### Georgia International Life

William E. Luchte has been appointed district general agent at Walla Walla, Wash. He has been with Penn Mutual Life since 1941, most recently as district manager at Walla Walla.

### Life of Virginia

Gregory A. Bradley and John C. Ferebee have been made managers at

Pensacola, Florida. Both men started in 1958 with Metropolitan Life, and were promoted to assistant managers last year.

**SUNSET LIFE** of Olympia, Wash., has appointed Oliphant & Bates general agent at Portland.

**LINCOLN LIBERTY LIFE** has appointed Donald Belangie supervisor at Kansas City for Kansas and Missouri.

**MIDLAND NATIONAL LIFE** has appointed Robert L. Martin general agent at Fresno, Cal.

### Continental Assurance



Leonard O'Sullivan

Leonard O'Sullivan has been named to the newly-created post of New York City area manager for the retirement and special plans department. He was with the pension department from 1954 to 1959.

### Connecticut General

Albert J. Butler and Lawrence J. Higgins have been appointed assistant group managers at the John Street, New York City, office. Mr. Butler has been assistant district group manager at Boston. Mr. Higgins has been a special group representative at New York.

Frederick J. Schneider Jr., assistant group manager at Kansas City, has been appointed group manager at

## Conventions

Aug. 28-Sept. 1, National Insurance Assn., annual, Sheraton-Park Hotel, Washington, D. C.

Sept. 17-20, International Claim Assn., annual, The Greenbrier, White Sulphur Springs, W. Va.

Sept. 20-22, Life Insurance Advertisers Assn., annual, Sheraton-Dallas Hotel, Dallas.

Sept. 24-29, National Assn. of Life Underwriters, annual, Denver Hilton Hotel, Denver.

Sept. 25, Fraternal Actuarial Assn., annual, Netherland Hilton Hotel, Cincinnati.

Sept. 25-27, Life Office Management Assn., annual, Shoreham Hotel, Washington, D. C.

Sept. 25-27, National Fraternal Congress, annual, Netherland Hilton Hotel, Cincinnati.

Oct. 9-10, Conference of Actuaries in Public Practice, Sheraton-Blackstone Hotel, Chicago.

Oct. 9-13, American Life Convention, annual, Edgewater Beach Hotel, Chicago.

Oct. 10, Insurance Economics Society, annual, Edgewater Beach Hotel, Chicago.

Oct. 18-20, Institute of Home Office Underwriters, annual, Jung Hotel, New Orleans.

Oct. 26-28, Midwest Management Conference, annual, Sheraton Hotel, French Lick, Indiana.

Nov. 7-10, Life Insurance Agency Management Assn., annual, Edgewater Beach Hotel, Chicago.

Nov. 9-19, New York State Assn. of Life Underwriters, fall delegate meeting, Sheraton-Syracuse Inn, Syracuse.

## COULD IT BE TRUE?

A Connecticut Life Insurance Company offering up to 103% first year commission—it sure is! We also pay another 45% in renewals over the next six years. If you want more information on how to step up to your own Agency, contact—David G. Hunting, C.L.U., President.

**SECURITY-CONNECTICUT LIFE INSURANCE COMPANY**  
174 Whitney Avenue • New Haven 5, Conn.



These new Plusses make Group Major Medical by **GUARDIAN** more flexible, more adaptable than ever before.

Even before we improved our group major medical policy, it was one of the best available. New features make Guardian an even better buy for your clients!

- Choice of our new "corridor deductible" or our familiar "integrated deductible".
- Choice of variable coverage. For example, low room and board maximum with high surgical expense coverage. Or special plans for executives. Many other variations.
- Surgical maximums automatically renewed after 12 months.
- Lifetime coverage may be available through continuation or conversion to individual policy.

For complete information, call your Guardian Manager, or write:

The **GUARDIAN** Life Insurance Company  
**OF AMERICA**

A Mutual Company • Established 1860  
Park Avenue South at 17th Street • New York 3, New York

**MORE THAN \$2,000,000,000 OF LIFE INSURANCE IN FORCE**

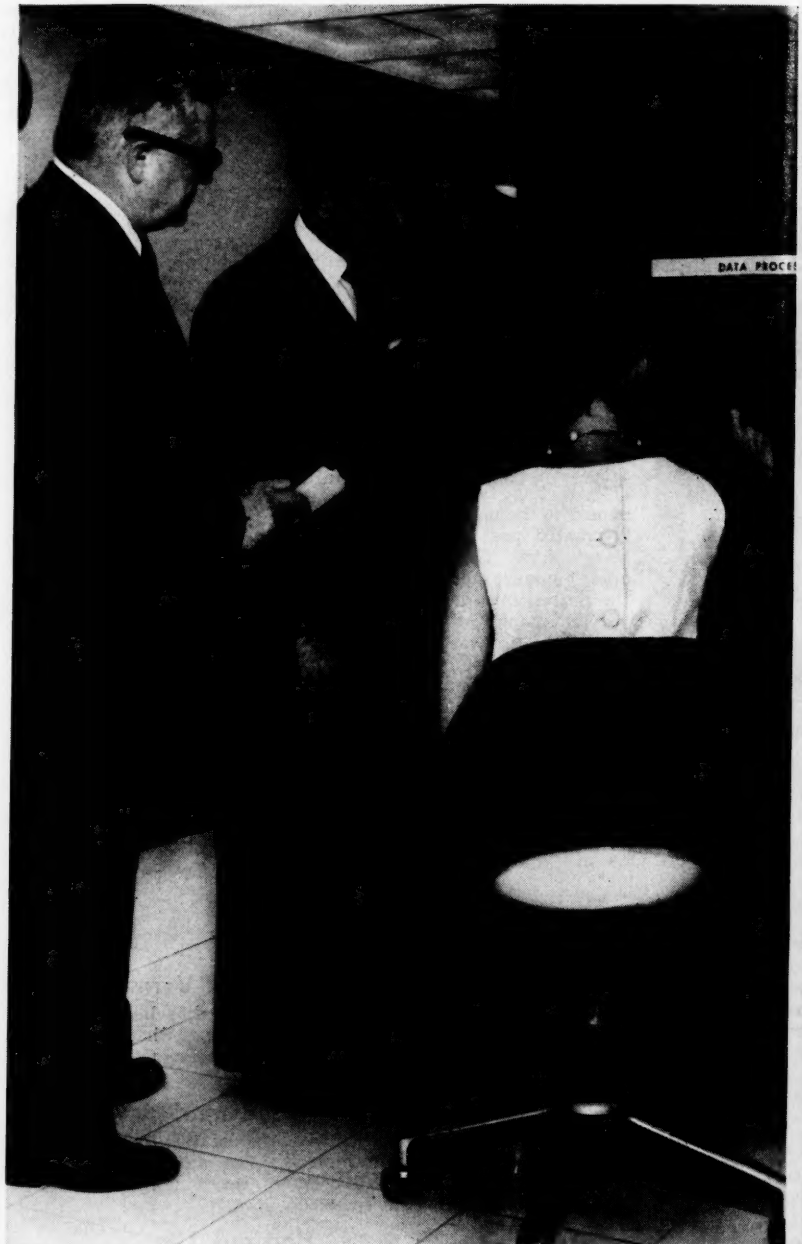
# New Electronic Brain Computes Full Insurance Program—Saves Up to 10 Hours



**BACKGROUND INTERVIEW.** A Mutual Benefit Life Analagrapher obtains the information he needs to make a perceptive analysis of his prospect's financial affairs and objectives. The Electronic Analagraph complements his professional analytical skills.



**UP TO NOW,** the agent needed 4 to 10 hours to personally calculate the prospect's possible programs. Now electronics frees him for client service, eliminates human error and produces the programs quickly and clearly.



**THE IBM 650 COMPUTER** records and evaluates the data fed into it from punched cards, and in two minutes delivers eight possible insurance programs to the Mutual Benefit Life agent. Here, the MBL agent and his prospect watch the business end of the computer as it goes through its calculations.



**THE VITAL STATISTICS** are punched into IBM cards. These are fed into the computer, which evaluates the information and calculates the possible programs.



**THE EIGHT** analyses delivered on IBM cards include the prospect's present coverage plus seven proposed ways to achieve his goals.

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PAUL W. COOK, CLU, successful Chicago Mutual Benefit Life agent, who takes to the hounds regularly, and two companions.

## Yoicks and Tallyho!— Paul W. Cook Still Takes to the Hounds

Author of the *Cook Book* of Sales Recipes,  
an MBL Man Almost 40 Years

Paul W. Cook is almost as well known for "taking to the hounds" as for his successful career as a Mutual Benefit Life agent. Just last year he was president of the Town and Country Equestrian Society and still rides two or three times a week during the hunting season.

Currently, Paul Cook, CLU, is a Qualifying and Life member of the Million Dollar Round Table. He first qualified in 1930 and has repeated twenty-four times, and has held the post of chairman of the Million Dollar Round Table.

Life insurance has been Paul Cook's only business—and all of it with Mutual Benefit Life, in Chicago, where he started in 1922. There he was in the group of the first four Chartered Life Underwriters in 1929.

Paul Cook was General Agent in Chicago from 1937 to 1958. For many years he has been one of Mutual Benefit Life's leaders, and consistently qualifies for the company's National Associates group on a personal production basis.

### Author of *Cook Book*

Borrowing from his Business success, as well as his studies of life insurance and tax development, Paul Cook collected numerous articles and "recipes for successful selling" in a volume entitled the *Cook Book*. It is well known in insurance circles, and has been recently reprinted. The John O. Wilson general agency in Chicago, with whom Paul Cook is associated, is using the book in some of its training work.

### Retirement Specialist

In 1942 Paul Cook incorporated Retirement Plans, Inc., for the installation, administration and servicing of retirement plans.

Paul Cook's other business accomplishments included presidencies of the Chicago Association of Life Underwriters, the Chicago Chapter of CLU, the Chicago Life Insurance and Trust Council, and membership on the Board of Trustees of the American College of Life Underwriters.

Paul Cook's accomplishments with Mutual Benefit Life are further evidence that people who plan ahead, get ahead.

## CLU GROUP ACTIVE

The Mutual Benefit CLU Association, formed in 1938 to advance the interests of CLU among company people, has been especially active in encouraging CLU candidates. The gratifying percentage of CLU's among MBL fieldmen is due in large part to the Association's efforts.

In recent years, in addition to general communication, the Association has held a stimulating session at each of Mutual Benefit Life's national meetings. The Association chooses its officers at the national meetings as well.



Current officers of the CLU Association are: **JOHN H. AMES**, President, John H. Ames, CLU, New York-Youngman; Vice Presidents: Frank Ridge, CLU, Washington; Ervin J. Lewallen, CLU, Miami; Donald W. Warner, CLU, Toledo and Bruce Bogue, CLU, Los Angeles; Secretary: Mildred F. Stone, CLU, home office.

## Major Medical Coverage Ex- tended for MBL Agents



Mutual Benefit Life Insurance Company has announced an extension of coverage for all members of its field force who are presently enrolled in the group major medical plan, or who expect to apply in the future.

In accordance with the previous plan underwritten by the company, the age limit was restricted to 75. Mutual Benefit Life extended the age limit to 80.

### Reinstatement Slated

Coverage will be reinstated for any person whose policy was terminated upon reaching the age of 75. The company stated that for the present there will be no change in premium rates upon attainment of age 75, but that future premiums will depend upon the company's experience under the group major medical plan.

## \$5 Billion of Ordinary in Force

Mutual Benefit Life's Ordinary insurance in force surged past the \$5,000,000,000 mark during the first quarter of 1961.

The first billion was achieved in 1919—74 years after MBL was founded. Only as recently as 1951 we reached the \$3 billion

level and six years later the \$4 billion mark.

Now—in four short years, the Ordinary in-force total has zoomed to over \$5 billion in protection for hundreds of thousands of people, protection which is 95½% in life insurance of permanent form.

**THE ELECTRONIC ANALOGRAPH STORY** reaches over 12,368,760 of the country's top insurance prospects through Mutual Benefit Life Insurance Company's messages in the *Atlantic Monthly*, *Business Week* and *Fortune*, as well as in *Harper's*, *New Yorker* and *Time*.

## LIAMA Study Shows Gains In Service To Orphan Policyholders

(CONTINUED FROM PAGE 1)

quish the policy-owner for reassignment. (This may be due, for example, to the desire to retain a collection fee; hope however remote, of making another sale; possibility of a future commission on term conversion.) In addition, there is the problem of developing a procedure for promptly reassigning moved policy-owners, collating all pertinent information on them, and forwarding such information to the ap-

propriate agency.

A special problem may exist when a company is instituting or overhauling an orphan policy-owner program. Large numbers of orphans may have accumulated over the years, some unassigned at the moment, others nominally assigned to agents who may not have contacted them for years, if ever. In getting its program underway, a company may need to check the status of such long-standing orphans, revoke

them, and make a substantial number of reassignments. (This was done by Mutual of New York, when the company initiated its orphan program. Contrary to the company's expectations, the anticipated protests from the field never materialized.)

### Skillful Assignments Needed

In all the reporting companies the specific assignment of a particular policy-owner to a particular agent is

the responsibility of the agency manager, usually assisted by the cashier or a clerk who assembles all the available information about the policy-owner. Many of the companies state that the manager's skill in matching orphans to agents determines whether the assignment will pay off in real service to the client and new business for the agent and agency. It would appear that, while many managers do an excellent job in this respect, orphans are sometimes indiscriminately assigned to new agents, untrained in service and unable to cope with complex insurance programs.

It is one thing to turn an orphan lead over to an agent, another to get him to follow through on it. How have the reporting companies attacked this problem?

**A. Possibility of New Business:** The principal inducement of the agent for making contact with an assigned orphan is, of course, the possibility of a sale and of obtaining referred leads. Some of the companies appear to sell this idea more vigorously than others. For example, it may be given considerable stress in training. Or the company may write up in its house organ motivating "case histories" of successful contacts with orphans.

Still another approach is to compile statistics on calls—interviews—sales ratios for orphan business. (Mutual of New York, for example, has found that out of every four orphans interviewed, one will buy.) If, as is often the case, these ratios are more favorable than ratios with other classes of prospects, the company can make a very persuasive case for contacting orphan leads. Further evidence that policy-owners of the company are profitable prospects comes from LIAMA studies which show that repeat sales to policy-owners are above the company average in both face amount and premium per thousand.

**B. Further Leads Withheld:** In cases where the agent fails or delays in taking satisfactory action on assigned orphans, several companies withhold further leads from him until he does take such action. To be effective, this restriction must, of course, be accompanied by a report-back requirement or other technique to determine the status of leads assigned to the agent. One example of a reporting requirement is in the Mutual of New York's program summarized at the end of this report. Another is the practice followed by Southwestern Life: an address change notice is given the agent for the assigned orphan. On the back of the notice are a number of follow-up questions about the orphan which the agent must answer after contacting him. The agent must return the completed card to the cashier within a period stipulated by the agency manager to remain eligible for further assignments.

**C. Assignment Revoked:** Although less common than withholding further leads from agents who fail to contact assigned orphans, revoking of such leads is mentioned by three companies. This practice would seem to have the merit of preventing inaction on the agent's part from defeating the purpose of the assignment. It might also have the psychological effect of making the assigned lead seem more valuable to the agent.

**D. Other Techniques:** One company (Acacia Mutual) pays a conservation fee to new agents for servicing assigned orphan business, usually a block of about \$300,000, assigned in groups of five to ten cases per week by the agency cashier. The fee is based on

*The Northwestern Mutual  
point of view in advertising:*

## first select... then sell

To effectively reach the people it wants to reach (the highly selective business and professional readers of TIME and NEWSWEEK), Northwestern Mutual uses equally selective sales appeals.

A case in point is the message of Mr. Albert G. Handschumacher, President of Lear, Inc., who targets his advice to those men seeking higher goals.

His statement, as shown below, is one of a continuing series that fits and furthers this proven advertising philosophy of Northwestern Mutual.

*"The higher a man sets his goals,  
the more he needs life insurance!"*

BABIN, OTTAWA



NORTHWESTERN MUTUAL POLICYOWNER. Life insurance policies with the company play a prominent part in Mr. Handschumacher's program of family protection.

An important message for men seeking higher goals  
by ALBERT G. HANDSCHUMACHER  
President, Lear, Inc.  
Manufacturers of precision equipment for  
aircraft, missiles, and industrial applications

"ONE OF THE BEST WAYS I know for a man to further his career and provide for his family, is to establish high goals and then move toward them."

"Many men succeed... through hard work and the simple passage of time. But for other men, time is limited. This But not jeopardize a man's plans for protecting his family. With permanent life insurance, he can achieve vital goals with a stroke of a pen."

"He can assure a comfortable home and adequate income for his wife and can also provide the funds for his children's college education."

"He can look forward to the growing cash value of his life insurance policies. This money can serve as loan collateral for business opportunities, as emergency reserve, or finally provide important dollars for retirement years."

"A carefully planned life insurance program with a sound company can help assure that a man will reach the prime goal most important to all of us, namely, the welfare of his family."

*There is a difference!*

Northwestern  
Mutual provides  
superior service  
at the lowest  
possible cost!

EXCELLENT SERVICE at exceptionally low cost... this is the aim of Northwestern Mutual, as it has been for over 104 years... still is... and always will be.

In fact, at Northwestern Mutual, that portion of a policyowner's premium used for operating expenses is just about half the average of the 14 other largest life insurance companies.

Such savings are the result of several things. Fewer than 15 clerical employees are required for every \$100 million of insurance in force... a lower figure than that published by any other company.

Electronic data processing equipment coupled with simplified procedures also contribute to over-all efficiency and economy.

Yet, with all the modern methods and machines, the personal side of service never suffers at Northwestern Mutual. Policyowners are company owners... and the quantity and quality of the service they receive reflects it.

If such a company appeals to you get in touch with a NML agent. He's listed in the phone book. The Northwestern Mutual Life Insurance Company, Milwaukee, Wisconsin.



**The NORTHWESTERN MUTUAL LIFE Insurance Company**  
MILWAUKEE, WISCONSIN

"BECAUSE THERE IS A DIFFERENCE"



the agent's personal business in force at the end of each month and is graded down from \$33 per month for less than \$100,000 in force to nothing for \$800,000 more in force. While not permitted by New York State law, this practice may be of interest to non-New York companies.

This procedure is designed to give the new agent a source of contacts among present policy-owners, develop referred leads, and provide an additional market to that consisting of his immediate friends and acquaintances.

Orphans so assigned to the new agent are relinquished when he becomes established except in cases where the agent sells additional insurance or converts a term policy to permanent.

#### Matching Lead To Agent

Finally, several companies attempt to have managers match assigned leads to agents on such factors as age, economic status, and present insurance ownership. It is believed that matching leads to the agent's market and capabilities will make the assigned cases more attractive to the agents and at the same time result in a better development of the sales potential of the orphan market.

The contributing companies reported a number of problems in administering their orphan programs. Among the difficulties:

—Getting adequate follow-up and reports of results on assigned cases. Too often, assigned orphan policy-owner cards simply pile up in an agent's desk, and a realistic program must include some means of preventing this, such as by revoking leads that are not followed up within a specified time. (See "Assignment Revoked," paragraph C above.)

#### Overcoming Reluctance

—Manager's or agent's reluctance to relinquish an orphan who has moved out of reach of the agency. This may perhaps be mitigated by a home-office sponsored policy-owner exchange program such as Home Life's, in which the home office both encourages and takes responsibility for administering an exchange of change-in-residence orphans.

—Getting agents to service orphan cases in which the prospect of immediate new business may not appear bright. Sun Life of Canada commented that this problem can be met only by proper indoctrination early in the agent's career. Home Life has tried to overcome reluctance to call on orphans by promoting several programs aimed at the old policy-owner market: the college paid-for rider, guaranteed insurability option, term additional rider.

#### Who Is Responsible?

The majority of contributing companies place the entire responsibility for developing and assigning orphan cases on the agency manager and/or cashier. However, in the relatively few strongly centralized programs, the director of conservation, agency secretary, or other agency officer may have prime responsibility for the day-to-day operation of an orphan program and for continuous follow-up on results.

As would be expected, most of the companies perceive the orphan problem as part of the larger problem of policy-owner relations, with the responsibility resting on the agency department as a whole and often crossing departmental lines.

No one doubts that it is good business for a company to maintain effective contact between its agents and its orphans. This is true from the standpoint of principle as well as of

the self-interest of the company.

The agency system, with its philosophy of service to policy-owners, makes attention to orphans a self-assumed ethical obligation.

The forgotten policy-owner, which the orphan is likely to be, is more lapse prone. True, this is not always due solely to the fact he is an orphan he may have been poorly sold in the first place—but neglect can hardly have an effect other than to increase the likelihood of his lapsing. He may also be regarded as a prime target for the twister.

#### Good Service Creates Prospects

The orphan who receives attention and service is more likely to have good will toward the company and to convey that feeling to his friends. Moreover, if he feels that he is a valued client, his subsequent purchases of life insurance will more than likely be from the same company. Through continuing service, he becomes a first-rate prospect.

New products and services have a dual implication for the orphan. On the one hand, such developments as the family plan and the guaranteed purchase option may lead him to feel his insurance is old-fashioned and to drop it. On the other hand, such new products may find him a receptive prospect for more insurance on one of the new plans in the same company.

All of these considerations point to a need for a broad conception of policy-owner service. The orphan is, after all, hardly different from the non-orphan who never sees a company representative and who buys his subsequent policies from other companies. The

#### Washington National Cited For Internal Communication

Officials of Washington National served as hosts to Arne Derfeldt of the Swedish government's Council for Personnel Administration during a one-day visit he made to the company's home office to study its methods of internal communications, management development, training of supervisory office personnel and personnel testing. Mr. Derfeldt is in charge of research and consultation of the council, which, though attached to the government, performs similar functions as does National Assn. of Manufacturers in the U.S.

Other stops during his visit to the U.S. include universities and a variety of business and manufacturing firms. In preparing his itinerary with the help of the U.S. Chamber of Commerce, Washington National was recommended as "an outstanding example of internal communication in American industry." Queried as to the state of the insurance industry in Sweden, where the government has entered a variety of fields of private enterprise, Mr. Derfeldt said the insurance business is growing because of an increasing popular demand for group life.

#### Long Island CLUs Elect

Herbert Lapidus, general agent at Hicksville, N.Y., for United States Life, has been elected president of the Long Island chapter of American Society of CLUs.

Other officers are executive vice-president, Charles Capo, Penn Mutual of New York, Hempstead; administrative vice-president, Melvyn J. Danis, Mutual of New York, Freeport; treasurer, Victor R. Goldberg, Mutual Benefit Life, Garden City; secretary, Leona Sevell, assistant professor of insurance, Hofstra College.

main difference is that if the non-orphan may be neglected, the orphan almost surely will be unless the company has a systematic procedure for following him and assigning him to one of its agents.

Finally, it would appear that service to orphans may be too narrowly viewed in terms of the new business that contact may generate. Screening orphans on the basis of their qualifications as prospects for new sales denies the obligation the industry professes toward all its policy-owners. Moreover, people's circumstances change, and the

information used to identify "hot" orphan leads may be out of date and disqualify some excellent prospects.

Translating good intentions for orphan service into effective action in the field is a large order, admittedly. With the means at its disposal—principally education and persuasion—no company is likely to achieve perfection in this difficult task. But the significant fact is that most observers agree that much more could be done than is being done, to the benefit of both the industry and its policy-owners.

*This is what you've  
been waiting for*

**FIVE  
SIX KEY**

**GENERAL AGENTS WANTED...**

**INCREASED INCOME**

**IMMEDIATE VESTED RENEWALS**

**The American Bankers has always endeavored to set the pace—not merely keep up with it.**

**IN NINE YEARS OF ACTIVE OPERATIONS**

**1960.....\$415,964,468**

**1956..... 127,927,609**

**1952..... 4,408,032**

**We are continuing to develop a quality Ordinary agency force in depth, producing the highest type of business at a reasonable cost. Our key representatives must be financially solid, reasonably trained, with a responsible standing in the community in which they reside, and have the ability to select and direct men.**

*There Is a Reason for Our Progress*

**COMPLETE LINE OF  
VERY COMPETITIVE POLICIES  
INCLUDING**

**WIFE 20 YEAR TERM RIDER—issued up to \$250,000—50% of husband's insurance. If husband dies or is disabled wife's premium is waived. All these benefits, wife age 30—\$7.00 per \$1,000 annually.**

**INCREASING PROTECTION PLAN—Terrific package for top income groups.**

**PLUS**

**STOCK OPTION PLAN—Liberal Option Agreements for both recruiting and personal production.**

**COMPLETE TRAINING AND AGENCY  
BUILDING "KNOW-HOW" PROGRAM**

**WRITE OR WIRE CONCERNING YOUR OPPORTUNITY  
IN THIS DYNAMIC COMPANY**

**JAMES G. RANNI**  
Chairman of the Board

**JAMES B. SISKE**  
Vice Pres. and Director of  
Agencies

**R. KIRK LONDON**  
President

**AMERICAN BANKERS LIFE**

**ASSURANCE COMPANY of FLORIDA**

**Home Office**

**Miami 32, Florida**



## New Colo. Rule Is Designed To Curb Replacement

DENVER—A regulation designed to crack down on unscrupulous Colorado insurance agents who fraudulently induce clients to give up existing coverage has been put into effect by Commissioner Sam N. Beery.

Effective immediately, agents selling life, accident or health insurance must present in writing to prospective customers any proposal involving surrender or change of existing policies.

Two copies of the proposal must be made, one to be left with the cus-

tomers and the other to be filed with the agent's office or broker. The broker is required by the regulation to retain copies of any proposals received for at least two years and to submit them on demand to examination by the state insurance department.

Agents who violate this regulation face revocation of license or other action, according to Robert L. Brown, deputy insurance commissioner. He said the new measure results from numerous complaints from the public

about agents who have misrepresented the advantages of surrendering present insurance and buying new policies.

Mr. Brown pointed out that some "fast-talking" salesmen have induced policyholders to cancel their insurance with the purpose of replacing these policies with contracts for other types of insurance.

The measure requires that every life and A&S insurer selling in Colorado inform its agents in writing of the new regulation. It does not apply to other types of insurance.

## Holdings Of Nationwide Corp. Ready To Pass \$5 Billion In Force

Nationwide Corp. has reported that the three life insurance companies in which it is invested will soon pass \$5 billion combined insurance in force.

The corporation, a holding company, has major interests in Nationwide Life, Northwestern National Life, Michigan Life, and National Casualty. On June 30, the three life companies had \$4,906,000,000 combined insurance in force.

In the 1961 midyear statement to directors, the corporation also reported that the combined premium income of the four insurers was \$66.4 million, compared with \$59.9 million for the first half of 1960. Assets of the four were \$622 million, a \$28 million rise since December 31, 1960.

All companies turned in operating gains, combining for a first-half figure of \$3.1 million. This was \$300,000 less than the corresponding 1960 period, however, due primarily to a drop in National Casualty's earnings because of unusually heavy health insurance claims in the first quarter, and a decrease in Nationwide Life's earnings, due mainly to reserve increases as a result of large sales of group annuity cases. (In the long range, this should affect earnings favorably.)

The corporation itself reported a net income of \$435,000. In addition, its equity in the undistributed earnings of the other companies was \$2 million. Net income was down slightly from the \$486,000 recorded in first half 1960. This was attributed to a lower interest from government securities and a rise in certain non-recurring expenses. The corporation's assets at midyear were \$40.8 million, up \$300,000 since the end of the year.

## Mass. Mutual Revises Rating For Occupation

Policies issued by Massachusetts Mutual Life with a rating for occupation will now provide for automatic removal of the rating on the policy anniversary nearest age 65. The liberalization will also apply to existing policies and premium adjustments will be made. Removal of the ratings will not apply to policies issued after age 60. The rating on these cases will be charged for a five-year period. It will also not apply to policies carrying extra premiums because of an aviation hazard.

## Schwemm Sets Records

The Chicago agency of Great-West Life headed by Earl M. Schwemm is leading the company to date by a large margin. Since 1944 the agency has had monthly production in excess of \$1 million. In July of this year the agency reported \$3,808,000 of combined new placed business of which \$2,901,000 was individual life. In addition to being the agency's best July, it was also the best month recorded from any agency of the company under a new volume basis.

## Form Counseling Firm In Wis.

Hyman-Meldman & Co. independent insurance counseling firm, has been formed in Milwaukee. The partners, Norman A. Hyman and Burton A. Meldman, have both previously been with Massachusetts Mutual Life in Milwaukee, the former being a life member of the Million Dollar Round Table.



a salute to  
the men  
who wear  
this key

and to those who are hard  
at work at earning  
the privilege of wearing  
it in the future.



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## Washington National Celebrates Its 50th

Evidencing the spirit that enabled it to reach its 50th birthday in the first place, Washington National celebrated its golden anniversary last week by featuring two days of business sessions.

More than 1,500 were in attendance as C. H. Kendall, co-founder of the company with his brother, the late H. R. Kendall, presided at the opening session.

Speaking at the first session were Illinois Director Joseph S. Gerber; W. Lee Shield, executive vice-president American Life Convention; William E. North, president National Assn. of Life Underwriters, and company chairman Raymond J. Wetterlund.

Mr. Wetterlund, recently nominated for the presidency of ALC, reviewed the company's past development and discussed future growth. P. W. Watt, company president, also made his formal address at this session.

Three business sessions were held on the morning of the second day. W. T. Weiss, 2nd vice-president, presided over the district agency session; E. R. Volpi, regional director, presided over the general agency session, and C. D. Smith, 3rd vice-president, handled the group agency session.

Sessions continued on the third day, presided over by H. L. Robinson, 2nd vice-president; C. D. Johnson, regional director, and Dale Darland, 2nd vice-president.

## Decatur Life Agents Name New Officer Slate

Decatur (Ill.) General Agents & Managers Assn. has elected H. Allan Todd of Prudential, president. Other officers elected are James E. Williams, Provident Mutual Life, vice-president and Ervin A. Rieckman, Metropolitan, secretary-treasurer. Raymond A. Shaw of Country Life was named director for one year and Joseph A. Lewis of United Benefit Life, a director for two years.

## Supreme Life's 40th

Supreme Life of Chicago celebrated its 40th anniversary last week with a banquet at the city's new convention headquarters, McCormick Place. Following a repast which an habitue of this sort of thing termed "staggering," President Earl B. Dickerson introduced the evening's principal speaker, Julius Momo Udochi, ambassador of Nigeria. Dais guests included Truman K. Gibson Sr., company chairman, other company officials, and James E. Rutherford, vice-president Prudential and president Chicago Assn. of Commerce & Industry; George S. Harris, president Chicago Metropolitan Mutual; Bindley C. Cyrus, president Victory Mutual Life of Chicago; and A. W. Williams, president Unity Mutual Life of Chicago. Non-insurance guests included G. C. Mayhew, British Deputy Consul General, Edward J. Sparling, president Roosevelt University, and others.

## Lutheran Brotherhood Grants

Four Lutheran scholars have received grants totaling \$4,500 from Lutheran Brotherhood for research and writing projects or advanced study. The grants are part of the society's fraternal activity and benevolence program. More than \$656,000 was budgeted by the company this year for a wide variety of such projects, including scholarships and special grants to educators and graduate students.

## Boddiger President Of Pacific Fidelity Life

George C. Boddiger, executive vice-president and general manager of Pacific Fidelity

Life has been elected president. He succeeds Maxwell C. King, founding president of the five year old company, who was elected chairman. Elliott Taylor, senior vice-president, was elected to the newly created position of vice-chairman of the board.



George Boddiger

Mr. Boddiger joined the company in 1959, three years after it was organized. He has been in the insurance business 22 years, beginning with Acacia Mutual following graduation from the University of Illinois.

After service in WW II he went with Continental Assurance for four years as administrative coordinator and assistant to the executive vice-president and later became assistant secretary of Life Office Management Assn. He is a fellow of LOMA Institute. In 1952 he joined Mutual Benefit H.&A., becoming assistant treasurer of that company and assistant vice-president of United Benefit Life. He was elected vice-president and general manager of Companion Life in 1958.

## Illegal Law Practice

### View Given By Bar Unit

The committee on unauthorized practice of law of American Bar Assn. has issued an opinion cautioning against unauthorized law practice in estate planning. The committee noted that in its opinion consultants who are not lawyers who give legal advice in setting up pension and profit sharing plans are practicing law illegally, the report said in part:

"When . . . the 'consultant' advises the employer that a specific plan is adapted to the latter's particular circumstances; prepares a plan embodying data gathered from the employer and represents the plan as adequate to the employer's particular circumstances; advises that such particular plan qualifies for tax benefits under federal tax laws and regulations; draws a trust instrument as part of the plan; gives specific advice regarding the affect of the tax laws and other laws upon the employer's contributions . . . or upon methods of funding the plan; represents the employer in conferences with the Internal Revenue Service regarding qualification of the proposed plan, or prepares corporate documents putting the plan into effect, etc., then he engages in the practice of law."

## Investment Policies Names Strangis

Investment Policies, a recently organized Minneapolis company formed to provide mutual fund investment programs for established life insurance companies to sell through their own agency forces, has named Ralph L. Strangis secretary-treasurer. He was formerly with Investors Syndicate Life.

Sentry Life of Stevens Point, Wis., has entered the group health and life field with programs for the small business risk having from 10 to 100 employees.



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## Harvard Business Graduate Tells Why He Enjoys Being Life Agent

(CONTINUED FROM PAGE 2)

curve was up and the opportunities for advancement were manifold. I was a Fortune-oriented graduate searching for an eventual "top management" spot, sizable income, lifetime security, and a position of esteem, even renown, in the community.

It is interesting to note that at the time I was making up my mind, a large life insurance firm called me to talk to them. But I never returned the

call; life insurance did not impress me as a worthy career in those days.

Within four years I was merchandise manager, the rough corners had been sanded down, my income had quadrupled and by our normal social and commercial standards, I was successful. I was also tense, unhappy and disillusioned.

The story is not a new one. I had been involved in the process euphemistically known as "cutting out the

deadwood." I saw men, once vital, productive and young, now left adrift because they had lived too long. In one instance this treatment actually produced the death of a man who was primarily responsible for the building of the business. It was not difficult to look ahead and determine that this would never happen to me.

In addition, I had to deal with the undue pressures produced by vacillating direction, political feuding, and

rumors of impending mergers. I found myself spending as much time plotting tactical political maneuvers as I did merchandising strategy.

It was time to take stock, and I decided to take a shot at running my own business. Perhaps I just wasn't a true team man, willing to submerge myself for the common good. At any rate, with some money I had saved and borrowed, I started from scratch to manufacture quilts, pads and sleeping bags. The choice was fortuitous since the camping bug was just beginning to bite and sales rose far beyond expectations. So did profits. It was an exhilarating feeling to be boss and I loved the role of entrepreneur—well, almost. I had still not managed to get away from being dependent on someone, it seemed. If sources were late on delivery, or truckers struck, my production and delivery schedules fell behind. I had to negotiate with bankers. There were labor contract discussions. I had to set piece rates, establish cash budgets, struggle for working capital, chase delinquent accounts, entertain important customers. I became aware that many factors utterly beyond my control still had too vital an effect on the results of my effort.

### Sold Firm At A Profit

Fortunately, a competitor from another area of the country felt that purchase of a going concern was preferable to starting a new operation, and I was able to sell out at a substantial profit. Under this arrangement, the company has continued to prosper and he feels that he bought a bargain.

It was time again to analyze what I had learned in the nine years about business and about myself. I knew I had succeeded in building two successful endeavors, so I had plenty of confidence in my business ability. If I had above-average talent in this line, I wanted to find an area where it would pay off on its own and require as little reliance on the efforts of others as possible—none, preferably. Detailed administrative work I knew I could do, but I also knew I did not enjoy it. Travel was no longer so exciting to me. Prestige was not nearly as important as it had once been.

### Best Use For Abilities

Where, I asked myself, could I find a field that offered increasing income as I grew older without suddenly dropping off at 65; that paid a premium for conceptual imagination; that held fewer of the ambushes and frustrations encountered by an employee or employer in industry; that could put to best use my training at the school, my experience, and my capabilities?

After six months of searching, life insurance seemed to come closest to

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the ideal—and I came full circle back where I started. We moved back to Boston, where my contacts were cold and few, and accepted the immediate risk and struggle with an eye to the anticipated rewards. It is significant that had I gone into life insurance directly from the B-School, the venture probably would have failed, as it has for so many. I simply did not then have the experience, maturity, moral fibre, and sheer determination to stick it out in the face of the inexorable, unrelenting contest ahead. The commitment must be total in this business.

#### Picked W. E. Hays Agency

I picked out the company with one of the finest reputations and cost pictures in the industry and sought out the best training agency in the business. It was equally important to select an agency equipped with staff specialists intimately acquainted with the complexities of corporate taxation. With the invaluable guidance of the Wm. Eugene Hays & Associates agency, I determined to work with business men as a market and business life insurance as a field of concentration.

I was assigned the best trainer in the company in terms of technical awareness and selling skills and we went out to work immediately. Together, for one solid year, we pounded on doors, cajoled, convinced, probed, tested and sold. It was a hard year, the training allowances receive were high by life insurance standards, but far below what we had grown used to. Somehow, however, if the mind refuses to accept or even consider retreat, the road slowly opens and widens.

#### Income Nearly Tripled

In the second year my income nearly tripled as my knowledge grew and my skills sharpened. I'm now in my third year, attempting to show business owners and executives how to thread a path through the mysteries of personal and corporate life insurance. The field is unlimited in the scope provided for imaginative conceptions.

I mentioned earlier that business men generally have been bitten so often by insurance salesmen that they have become uncommonly wary of the breed. I have been making a collection of the dodges they use to shake these vigorous people from their backs. Do you recognize any of them?

"Why, I'm insurance poor—worth more dead than alive, you know."

"I'm not interested. I can do better with my money and besides, you all have the same story."

#### 'Discuss It With My Wife'

"I'll have to discuss this with my wife. Call me next month."

"My insurance broker who handles my automobile insurance keeps me posted on all new ideas."

"My cousin (nephew uncle brother, etc.) is in the business. If I bought any insurance, which I have no intention of doing, I'd buy it from him."

"We just bought a boat and a third car. Simply can't afford this sort of thing."

If you haven't recognized any, you should because my guess is that you have used one or another of them from time to time. And in so doing, you may have given the brush to a really well-trained specialist who could have been of valuable assistance to you. (I must admit, you might have disposed of a pest instead.)

What kinds of possibilities can an imaginative, experienced agent suggest? What new developments are emerging in life insurance plans for

the business man and for his corporation? Here are several which seem to me to be particularly worth mentioning:

1. Section 303 of the internal revenue code provides authority for the tax-free partial redemption of stock by the corporation from the estate of a decedent stockholder sufficient to pay his entire estate and inheritance taxes as well as probate and administrative fees. The purchase becomes almost irresistible when funded with life insurance owned by the firm on the life of the decedent stockholder. The obvious fact that there are no capital gains tax implications serves to make the transaction even more attractive.

2. Upon the death of a valued corporate employee, continuation of his salary to his widow for perhaps one or two years, either by contract or otherwise, has attractive tax advantages. Life insurance on the life of the employee, purchased by the firm as a funding instrument to pay such a benefit, can actually result in a profit for the corporation after the payout because of the unique nature of life insurance tax treatment.

3. Contracts for high-salaried corporate employees to defer compensation to later years are a well-accepted tax savings device in industry today. Life insurance remains the classic funding instrument for such contracts. If death occurs prior to the deferral date, life insurance matures the deferred income immediately for the executive's widow. If the executive lives, life insurance, through cash values again, provides the income stipulated under contract. The underlying motive is the deferral of income from peak tax years to the lower brackets of retirement years. The savings are impressive.

4. A relatively new concept in the corporate field is the split ownership of a life insurance contract between corporation and employee. The corpor-

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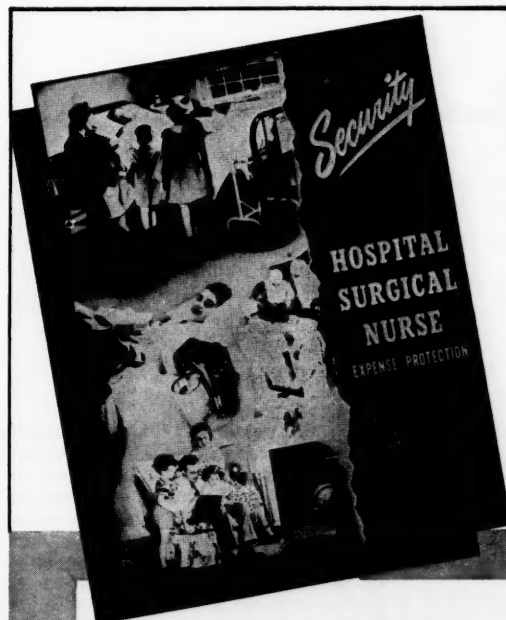
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ation owns and controls the investment portion of the contract, and contributes annually an amount equal to the increase in cash value. The employee controls the indemnity portion of the contract and names his own beneficiary. His share of the cost is nominal and in many instances his contributions cease within 10 years while the death benefit to his family remains level. The result for the employee is a substantial income tax-free benefit to his family paid for largely by corporate funds, all of which are recoverable by the corporation at the death of the insured employee or at any time prior to death if the corporation decides it is advantageous to terminate the contract.

#### Mentions Charitable Trusts

5. Charitable trusts can be extremely valuable for individuals in top tax brackets. The creation of the trust allows substantial savings in income taxes as well as estate taxes upon subsequent death. Today more than ever, an imaginative agent can design a life insurance vehicle for gifts of almost incredible proportions. The cost of such gifts often is wholly elimin-

ated, often exceeded by the ultimate tax savings realized.

6. Formal qualified pensions and profit-sharing plans for small, closely-held corporations attract corporate profits otherwise donated to the Treasury. Contributions to such funds are deductible, earnings by the fund compound income tax free with favorable capital gains consequences upon termination. The guarantees of life insurance to fund pension plans for small corporations, provide a most attractive way to divert profits for the build-up of substantial equities.

These brief suggestions are only offered as illustrative of the breadth of the field. The key question to be answered is which, if any, of these ideas can be profitably used in one's own situation. The answer must be reviewed in the light of the percentage and type of stock ownership, our estate planning situation and our wife's, our tax bracket, prospects for inheritance, our goals for the family, for ourselves, and many other aspects as touched on above.

At this point, the obvious question for the reader to ask is: "But how can I identify one of these super-agents in

advance? Beyond checking his name in the HBS Alumni Directory—and not finding it—what kind of data can I put together on which I can make a solid judgment?"

#### Make Investment Of Time

In the first place, you have to make some small investment of time in the project. After all, you don't choose your doctor or lawyer in a haphazard fashion—why should you treat the selection of a life insurance agent on the basis of social status, convenience, or his happy timing?

Secondly, get rid of that fear that you may be pressured into buying something you don't need if you even allow an agent in the door. After all, insurance is a commodity to be purchased when it makes good personal or business sense. Intelligent analysis and persuasion are the function of the agent, but you make the decision—or, at least, you should.

Having established these two premises, you can then ask a series of questions:

Does your prospective agent indicate that he is intimately familiar with the tax laws affecting corporations, corporate redemptions, personal estate taxes, capital gifts, charitable trusts and similar matters?

#### Who Is He Working For?

Does he demonstrate that he recognizes that his income comes from his clients rather than from any insurance company? Only then can he be relied upon for objective counsel and as a continuing source of ideas.

Does he claim to know by the shape of your head what you need by way of an insurance program, or is he willing to collect information to see if a problem exists and how it can be solved?

Does he base his sales pitch on old school ties and mutual friends or on an analysis of life insurance today and ways that it can be used to work out complex personal and business problems?

The point that I am trying to make here is that the life insurance field has become an involved and varied one, that it has been refined and has developed in the face of changing circumstances along with other industries. It is no longer merely a question of consulting a little black book with actuarial tables and whipping a standard, ready-made policy off the shelf and hoping it fits the situation.

The wise executive will recognize this fact and abandon the attempt to handle his insurance and that of his company on a do-it-yourself basis. Some cocktail party conversation with a friend or a quick trip to the local savings bank life insurance department is no longer adequate.

#### Good Agents Hard To Find

I wish I could say that truly good agents are easy to find. Unfortunately, they are not; as I mentioned earlier, the field has not attracted creative, knowledgeable people who can diagnose accurately and prescribe intelligently. This may be largely the fault of the industry itself for failing to make anything out of the agent's job but a routine sales and collection operation.

Personally, I suppose, I should not object to this set of circumstances. It simply means that the competition is limited, and the good agents can find almost an unlimited field for their activities. But as a member of the profession I do regret that it has a bad name, and I do recognize the business man's problem in locating an insurance counselor who can be taken into

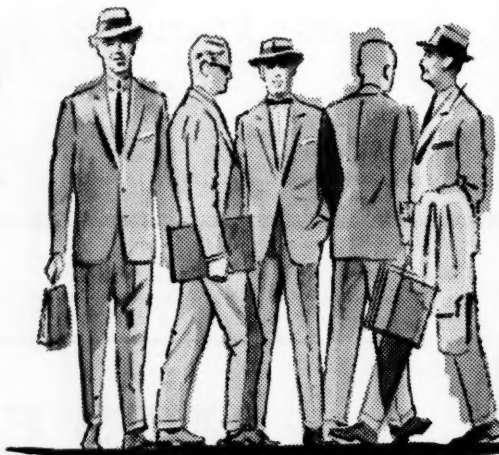
his confidence, establish priorities for his consideration, keep him aware of pertinent tax law changes, and stay on top of his needs and those of his company. But the relative paucity of such people should not discourage or dissuade the manager from searching them out and then utilizing his technical ability and knowledge to the fullest extent possible.

#### Why He Decided

With this I came back to my starting point; why did I decide on the life of an insurance agent and why am I so pleased with my choice? Certainly the B-School alumnus who ventures onto this lonely road finds himself adrift. He is eyed with some suspicion by his fellow alumni, he belongs to no team, has no superiors or employees. He has none of the prestige that attaches itself to the successful manager or entrepreneur. Yet he has the freedom and the self-reliance of the lone operator who depends for his success on himself alone; he has the opportunity for the creative development of solutions to problems; and he has a sense of accomplishment and achievement when his ideas make sense to someone else as a useful approach to their particular predicament and as a way of solving their problems.

It is this combination of freedom and variety that appeals to me; perhaps it might appeal to you, too, if you can surmount your prejudices about insurance men and take a really objective look at the profession.

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We know there is a wide diversity of agencies and agents. We know that local conditions, type of operation and still other factors create these differences.

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## Continental Assur. Pyramid Club Rally To Be Largest Ever

The largest number of top producers in Continental Assurance's history will gather for the company's Pyramid Club meeting in the Conrad Hilton Hotel in Chicago August 27-29. The company this year is celebrating its 50th anniversary.

A group of 1,050 from 47 of the 50 states, as well as a record number from Canada and Puerto Rico, will participate in the program keyed to the theme "50 Years of Protection and Progress." They will take part in seminars or workshops dealing with specific sales and product problems, as well as in a tour of the home office building.

The meeting will be attended by more than 250 first-time qualifiers, a new high. Also in attendance will be 37 CLU's, largest number ever.

Among the home office officials who will address the gathering will be Chairman Roy Tuchbreiter; President Howard C. Reeder; David G. Scott, 1st vice-president and actuary; Robert B. Hamor, vice-president and director of

agencies; Dr. Clifton L. Reeder, vice-president and medical director; Paul H. Rinker, vice-president group department, and Peter Hondorp, vice-president retirement and special plans department.

Joseph S. Gerber, Illinois director, will be a guest speaker. Also addressing the meeting will be several home office staffers: Thomas McGeoghegan, director of individual health sales; Elmer Layden, Chicago branch; W. B. Roads, director of training, and Robert Cambier, manager of advanced underwriting. Other speakers will be Dwight G. Johnson, Philadelphia; Lynn Williams, Wichita; Carl Schlotman, Cincinnati; Richard Mazur, Grand Rapids, and Philip C. Belber, Newark.

A highlight of the meeting will be "The Story of a Company," a narration and visual portrayal of Continental's growth through the years. The meeting will be climaxed by a golden anniversary banquet to be held Tuesday evening which will be joined by city and state officials, as well as home office personnel, to bring the total attendance to 1,200.

## San Antonio Health Assn. Hears Talk On Marketing

San Antonio Assn. of Health Underwriters at the July meeting heard John H. Freese, superintendent of agencies Southwest region, Paul Revere Life, discuss trends in the health insurance business. He said trends are important in indicating things to come, and for the health underwriter it is essential to look ahead and act in accord with prospective conditions and demands of the business.

Mr. Freese spoke of the marketing trends as obvious, noting that a few years ago the producer of \$500,000 worth of life insurance was considered outstanding, but the man who sells no more than this today is barely making a living. The insurance salesman can not depend on a drawerful of policyholders, he said.

The change in marketing has been brought about by cost of doing business, the value of time, the higher production demand for companies, and the importance of client building, the speaker said. It is also well to keep in mind that the buyers of insurance are better informed on insurance and its service, he added. This calls for selling quality business and continuing contact with the buyers to convert them into clients, who will come to consider the agent who sells them insurance and serves them as their personal insurance man.

Insurance should be sold so that it will not only provide death benefits but provide for a continuance of income when the buyer is disabled, and continuance of income for the family should also be a part of a well coordinated insurance program, said Mr. Freese. This calls for keeping in close touch with the buyer so that his changing needs may be provided for, he declared. He described as fuzzy thinking the selling of insurance which does not include a continuance of income for the individual and for the family.

Turning to the business market, the speaker stated that selling business men and firms protection on disability is no more difficult than the selling to individuals, that it is a matter of securing recognition of the need on the part of the parties involved. He stressed the increased appreciation by the public of the sincere and competent insurance man who renders a complete service.

## ILI Gives Midyear Report On Companies

(CONTINUED FROM PAGE 1)

located in every state, with 20 states having 20 or more companies. Texas continues to lead the state list, as it has for many years, with 280 companies domiciled there; Louisiana ranks second with 118 companies, followed by Arizona, 116; Illinois, 70; Indiana, 55; Pennsylvania, 51; South Carolina, 50; Alabama, 43; Oklahoma, 43; and New York, 34.

Currently, 355 U. S. cities have life company home offices, led by Dallas with 118. Houston ranks second, with 56, followed by Phoenix, 49, Chicago, 44, and Philadelphia, 39.

Stock companies account for 1,301 or 89% of the total, while 156 or 11% are mutual companies. On the other hand, more than three-fifths or the major share of the total life insurance in force is with the mutual companies, this discrepancy being due to the fact that most of the younger companies are stock while a large percentage of the mutual companies go back many years.

As of mid-year 1961, there were 21 life companies in their second cen-

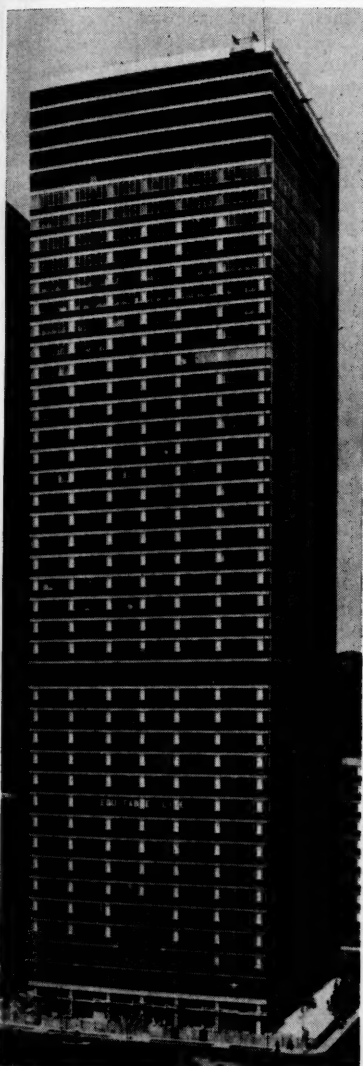
## Enrollments Are Open For SMU Institute Courses

Fall and winter classes of Southern Methodist Institute have been announced and enrollments are available in the indoctrination and basic courses.

Indoctrination class 89 is designed for the new agent. Subjects include the rate book, life insurance as "good property," policies, packages, completing the appointment, finding and fixing the problem and objections and closing. The course runs Sept. 4-8. Tuition is \$50, including books.

The basic classes deal with the philosophy, knowledge and skill required to market life insurance. Basic class 57 runs Sept. 11-Oct. 6. Basic class 61, a broken schedule, runs Sept. 11-22, and resumes Nov. 20 to run through Dec. 1; Basic class 58, composed of life and casualty agents, runs Nov. 13-Dec. 8. Tuition is \$175. Books and supplies are approximately \$45.

tury of operation. An additional 89 companies have passed the half-century mark of operations. Companies which have over \$1 billion of life insurance in force numbered 76 at mid-year.



**Biggest one-company building in the world:** Workmen were still putting the finishing touches on Equitable Society's 42-story stainless steel and glass building on Sixth Avenue between 51st and 52nd Streets this week while employees began moving from the old building, at 393 Seventh Avenue. The moving project is the largest commercial move in history and will take a total of five weeks.

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## Editorial Comment

### Should NALU Nomination Mean Election?

This year the National Assn. of Life Underwriters nominating committee has taken the highly unusual step of nominating only enough candidates to fill the vacancies occurring among the officers and on the board of trustees.

The procedure appears to be a move to remove the basis for some of the criticisms that have been made against the way in which NALU chooses its governing body. One of these criticisms is that when the nominating committee brings in a slate with only one or two more candidates than there are trustee posts to be filled, the election becomes a sort of unpopularity contest, with maybe only a single loser.

The lone loser could hardly be blamed for feeling like an untouchable—and not the Elliott Ness variety, either. It is small consolation to him and his backers that often the loser is better equipped to serve NALU than some of those who made it. He may have been handicapped by an inept campaign strategy formulated by a willing but inexperienced and unaggressive campaign committee. He may be from a section of the country or be affiliated with a company that has a particularly strong candidate—perhaps a man who has made a fine record on the board and is up for reelection. Maybe our lonely loser lost because of "deals" made by other candidates' campaign managers—help us elect our boy this year and we'll help get your boy elected next year.

This problem of having a nominee list so short that there could be only one or two losers has plagued NALU for years. Many able men who were more than willing to serve NALU were not willing to run if they felt they either had to make a razzle-dazzle campaign or else virtually guarantee themselves a solo spot on the loser's bench.

On the other hand, to bring in a slate with, say, twice the number of nominees needed to fill the vacancies seems like a poor solution to the problem. It would mean virtual abdication by the nominating committee. Even if the committee could find enough candidates to fill so large a slate, the num-

ber of candidates would be so great that campaigning would become more intensive than it is now, since not even the strongest candidates could feel any confidence about winning without the most strenuous possible efforts.

There has been a good deal of criticism in recent years that even aside from the dislike of being a single loser or one of a pair, many excellently qualified NALU members simply do not want to engage in the "deals" and politicking that at present play so prominent a part in determining who gets elected. It has been said that the present system, while allegedly democratic, really plays into the hands of small groups of skilled manipulators, with little chance for anything like an expression of the will of NALU members in general.

Many who are dissatisfied with the present NALU system would like to see NALU adopt something along the lines followed by the Million Dollar Round Table, American Society of CLU and most of the company associations. The general pattern is that the nominating committee picks nominees to fill the precise number of elective posts to be filled and in the absence of some extremely unusual situation the slate is elected routinely, as presented. In some organizations the possibility of nominations from the floor is forestalled by providing that nominations of any candidates not on the nominating committee's slate must be made by petition of a specified percentage of the membership and prior to a specified date well in advance of the annual meeting.

It would appear that the NALU nominating committee this year, by offering just enough candidates to fill the vacancies, is heading in the direction of uncontested elections and no more campaigns. At least that is what will happen at Denver next month if there are no floor nominations. At the same time, it seems unlikely that there will be no floor nominations. The very smallness of the trustee slate is a strong temptation to other candidates. In the absence of some very compelling considerations to the contrary, it

would seem only natural for these other candidates' backers to nominate them from the floor and make the strongest possible fight to get them elected.

The only possible deterrent to this that we can see—at least at this point—would be an effective job of selling the concept that it would be better for NALU, in the long run, to select its officers and governing board by a method such that being chosen by the nominating committee would be tantamount to election. Such an effort would be directed, first, at getting candidates who were passed over by this year's nominating committee to agree to refuse to be nominated from the floor, in the interest of making possible this new (for NALU) kind of selection procedure. The effort would also have to be directed to the membership at large and particularly to the members of the national council who will be voting for officers and trustees. For if the electors were convinced of the rightness of the proposed procedure, they could put it into effect by merely voting the straight nominating committee ticket and ignoring any candidates nominated from the floor. It would be understood, of course that such action was being taken by the electors not on the basis of the floor nominees' merit or lack of it but simply because of a preference for the proposed new method of electing officers and trustees.

The nominating committee chairman, William H. Pryor, Connecticut Mutual Life, Wauwatosa, Wis., did not indicate in his statement accompanying the slate any plea to vote the straight ticket and avoid making nominations from the floor. The nearest he came to it was his statement that "the committee's duty has been to make a choice according to our understanding of the current needs of NALU and solely in the primary interests of the national association." Unless the committee feels it has fallen down on its job—and it certainly has no reason to—its attitude can only be interpreted as one of conviction that its members have spent a lot of time in trying to determine which of the available members of NALU can be expected to serve the association best and that this is the slate that should be elected.

Perhaps Mr. Pryor's statement was as far as he thought the nominating committee could properly go in selling

the idea of electing the official slate in its entirety as a means of not merely getting the best qualified men into office but also taking a step in the direction of changing the nature of the NALU election process.

Be that as it may, it is obvious that NALU electors this year will be doing something more than picking the leaders of their choice. Except in the unlikely event that there are no floor nominees, the national council will be indicating whether it likes the present system or wants to move in the direction that some other life insurance organizations have taken. However since the complete slate might be voted in just on the basis of the electors' preference, entirely aside from any opinion on a change in the system, it might be well to have the ballots contain a question as to the voters' preference on wide-open elections vs making nomination tantamount to election.

Meanwhile, it seems reasonable that this question should be aired as thoroughly as possible. There is not much time between now and the annual convention but there is enough to elicit the ideas of members and others. Then at the meeting there will be time for the proponents and opponents of the present system to sell their ideas to other electors.

We have tried to avoid taking sides on this question. We have observed enough NALU elections to believe that the system is seriously in need of improvement. But whether the picking of candidates in a way that makes nomination tantamount to election is the right way for NALU we're not prepared to say. It seems to work extremely well in some other organizations that we know about. Members of the governing body are selected after being observed carefully and objectively as they exhibit a willingness to work for the organization and demonstrate ability at doing the work "down the line" that needs doing in every organization.

Yet perhaps a system that works well in smaller associations is not workable in NALU or might stir up more problems than it would solve. Perhaps the best solution would be some adaptation that would do what needs to be done without creating too many new problems. However, these are questions that can best be answered by the presentation of various viewpoints before the time for the NALU election arrives. THE NATIONAL UNDERWRITER will be glad to give space to the presentation of such ideas, if readers will send them to us.—R.B.M.

## Personals

A. Maceo Walker, president Universal Life of Memphis, has been appointed one of three directors of the Memphis Transit Authority.

Leslie R. Shope, who retired last year as advertising and press relations manager of Equitable Society, has been elected president of Radio Free Europe Fund.

Horace W. Brower, president Occidental Life of California, has been re-

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## Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Vallean & Co., Board of Trade Building, Chicago

Continental Insurance, on the Big Board, was a standout in the insurance stock market last week. This giant usually moves up or down fractions but last week it acted like an electronics issue. It was up better than 5 points for the week and closed at a new all-time high mark of 69. The upward surge in the general market caused buyers to smack their lips at this chance to buy the CI massive common stock portfolio at a big discount.

This may serve to improve the market in some of the other fire-casualty stocks that are heavily committed to equities. Great American, with better than 60% of assets in common stocks, edged up after a decline due to the report of a hard six-months in underwriting. Home Insurance was up another point despite an unhappy six-months. Hanover was plus 2½, Maryland Casualty 1½, St. Paul and Springfield each 2, and U.S.F.&G. 1½. Agricultural was 2 better. Fireman's Fund, still digesting the 49,500 share offering at 65½, slumped to low bid of 60½. The offering of 53,500 shares of Federal at 74 still had not been absorbed by week-end. Lower was Aetna Fire, down 2, North America, 3, (consolidating after fast runup), Pacific Indemnity 2½ and Phoenix 6.

Northwestern National of Milwaukee, with an exceptionally dynamic portfolio common stocks sold at 113, up 4.

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In the life list Monumental Life at 79 was 6 higher, Franklin Life was 3½ better, Jefferson Standard plus 2, Lincoln National minus 3, Mass. Protective plus 2 and U.S. Life again forged ahead 2½.

College Life broke into the 100 range Federal Life & Casualty is a recent newcomer to the century group. Continental Assurance, recovering all of its recent selloff, was approaching the level of 200 following the recent stock dividend. Liberty Life, responding to news of a 20% stock dividend, was 2 better, at 32 bid. Liberty National Life went up 8 to 88. Republic National Life continued on into new high ground; at 77 bid it was 4 points higher. United Insurance after a period of rest, got moving again and was up 1½ points. Commonwealth Life, at 50, was up 6. (On Monday it had gone to 54½ bid.) Southland Life, at 144, was 4 higher.

General America Corp has now reached the 200 level. Aetna Life and Travelers were draggy, each being off a point or so.

Gulf Life had an overnight sinking spell on the announcement that plans for a merger with Life & Casualty had been dropped. The market declined nearly three points, before buying set in again, despite the fact that six month earnings were up. Life & Casualty stock was not affected, remaining in the 27 range.

American National, after a period of hesitation at the 13 level, broke through on heavy buying and closed the week at 14½ bid. On Monday the bid was 15. A one-point advance here is a substantial accomplishment since there are 33 million shares and each point up adds \$33 million to the total share valuation of the company.

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The specutacular runup in the market for United Services Life (to the 130 range), calls attention to the fact that American Life of Alabama (executive offices Dallas) has a big stake here, owning 51,806 shares of United Services. At the market this is now a \$7 million investment. American Life also has 3,730 shares of Great American Life Underwriters, which at \$1,900 per share, now represents a total of \$7 million.

Beneficial Standard Life responded to much improved earnings for the six months and gained 3½ points during the week, to 37½ bid.

Federal Insurance Co. stock was still being offered on Monday and the price had been reduced to 73¼ from 74 from a block of 53,500 shares.

Bankers National Life continued its upward course to 54 bid, plus 5 for the week. Fidelity Bankers Life went up 1½ points to 15½. Kansas City Life added another 100 points to 2350. National Life & Accident regained its year's high of 186. Security Life & Trust, at 71, was plus 2. United Services Life lost

election of a director of the Los Angeles area organization of United Service Organization. He continues as a director of USO's national council.

**Charles G. Ashbrook**, chairman North American Life of Chicago, has returned to his home after several weeks of hospitalization following a spinal injury suffered in a fall at his place in Crystal Lake, Ill.

ministration work at Alberta. He returned to the Toronto home office in 1933 as secretary of the production clubs. In 1938 he was appointed agency secretary and in 1951 assumed further agency responsibilities as agency executive secretary. He became an agency superintendent of the company four years ago.

**WILLIAM E. STARRETT**, 86, retired general agent at Peoria of Guarantee Mutual Life of Omaha, died. He retired two years ago after having been with the company for 60 years.

**KENNETH E. SMART**, 55, who retired in July as an assistant counsel of Northwestern Mutual Life, died at his home in Milwaukee. Mr. Smart graduated from Yale University in 1927 and from the University of Wisconsin law school in 1929. He became an attorney in Northwestern Mutual's law department in 1939, after 10 years of private practice in Milwaukee. He was appointed an assistant counsel in 1947.

**GEORGE RICHON**, associate general agent of the McNeil agency of National Life of Vermont at Dallas, died.

**KENNETH T. MOORE**, 56, agency superintendent, administration, Manufacturers Life, died suddenly at Toronto. Born in Nova Scotia, he joined Manufacturers Life in 1929 soon after graduation and spent three of his early years with the company in office ad-

5 points of its recent meteoric rise and closed the week at 127 bid.

Civil Service Employees Insurance Co. of San Francisco proposes a 2-1 stock split. They are presently offering 3,566 shares of treasury stock at \$190 per share to add \$677,540 to surplus. The aim is to come up with \$5 million of policyholders surplus by December 31. The company has commenced operations in Colorado and is preparing to enter Florida. In all states except California and Oregon they are now writing insurance for persons other than public employees.

The big play in All-American Life & Casualty, which took the stock quickly from about 15 to 22, caused excitement in other and even newer issues around Chicago. (All American is a well-developed and growing company.) Inland Life, which came out to the public in May at \$4 and had gotten up to the 7 level, advanced overnight to plus 10, then retreated a point. Illinois Mid-Continent Life got a whirl, going up from 7 to better than 11, then fading rapidly to 9.

Electric Bond & Share increased its investment in Lincoln National Life from 5,000 to 22,600 shares. Delaware Fund invested in 30,000 shares of Commonwealth Life and eliminated its holdings of 25,000 shares of Maryland Casualty and 27,000 of American Insurance. They increased their Insurance Co. of North America from 5,300 to 10,000 shares.

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Fidelity Fund eliminated its holding of 3,800 shares of Franklin Life. Fiduciary Mutual Investing Co. Inc. added 5,000 shares of Transamerica as a new investment and went up on Aetna Fire from 1,000 to 2,000 shares. Imperial Fund increased its investment in American Life Companies Inc. from 12,500 to 25,000 shares and Security Life of Minnesota from 10,000 to 20,000. Wall Street Investing Corp. as a new investment added 3,000 shares of Glens Falls and 2,000 Loyal Protective. Value Line Special Situations Fund, Inc. increased its shares of United of Chicago from 5,120 to 7,500.

Kentucky Central Life & Accident has filed an SEC registration statement covering 400,000 shares of non-voting stock to be priced somewhere between \$13 and \$17 per share. On Monday the market was 14½ bid. Stifel, Nicolaus & Company, St. Louis, heads the underwriters. Of these shares 200,000 are for account of the company. The latter will replenish the \$1,800,000 that was paid for the Skyland division of Guaranty Savings Life of Montgomery, Ala. Lexington Finance Company, of which Robert H. West is chairman, is the seller of 200,000 shares.

G. D. Kincaid bought Kentucky Central in 1959, paying \$105 for control stock. Then he subdivided the stock into one share of voting and 9 shares of non-voting for each old \$10 par share. Mr. Kincaid, of record and beneficially, owns 62% of the voting stock.

The underwriting commission would be somewhere between 97½ cents to \$1.27½ cents per shares. L. C. Whitaker Securities Corp. would receive a finder's fee of 2½ cents per share.

## Stocks

By H. W. Cornelius of Bacon, Whipple & Co.  
135 S. LaSalle Street, Chicago Aug. 22, 1961

	Bid	Asked
Aetna Life .....	129½	132
American General .....	66	68
Beneficial Standard .....	30½	32
Business Men's Assurance .....	81	84
Cal.-Western States .....	89	92
Commonwealth Life .....	48	50
Connecticut General .....	250	264
Continental Assurance .....	195	200
Franklin Life .....	116½	119
Great Southern Life .....	108	112
Gulf Life .....	33	34½
Jefferson Standard .....	68	70
Liberty National Life .....	88	91
Life & Casualty .....	27	28½
Life of Virginia .....	101	105
Lincoln National Life .....	141	144
National L. & A. .....	188	192
North American, Ill. ....	23	24
Ohio State Life .....	52	54
Old Line Life .....	75	Bid
Old Republic Life .....	25	26½
Republic National Life .....	77	81
Southland Life .....	147	153
Southwestern Life .....	103	106
Travelers .....	137	140
United, Ill. ....	56½	58
U. S. Life .....	87½	90
Washington National .....	63	66
Wisconsin National Life .....	45	47

## American Bankers Life 7-Month Sales Up 23%

American Bankers Life of Miami's paid-up production for the first seven months was \$16,102,000, up 23%. Ordinary paid for in July was \$2,298,000, up 27%. Insurance in force at the end of July was \$467,568,000, a gain of \$90,086,000 since the first of the year.

Sixteen senior salesmen from eight agencies of **Bankers Life of Iowa** attended an advanced underwriting workshop at Cincinnati, Aug. 14-16. The workshop, one of a series conducted for senior salesmen, covered concepts in the estate analysis and business insurance field.

## N. Y. Suit Brings Up Point Of Law On Sale Of Insurance Stock

The July 29 issue of Business Week carries an article about a suit pending in New York that could cause many problems in the over-the-counter insurance stock market there.

Hill, Darlington & Grimm, a member of the New York Stock Exchange, has been sued by three investors for \$58,000, their purchase price for 5,400 shares of Colorado Credit Life at 10½. The stock is now in the \$2 range.

New York insurance law prohibits sales to the public of securities of any insurer not licensed in that state unless there is special permission from the insurance superintendent. The law has been in effect since 1940 but has not been enforced. Hundreds of companies are not licensed in New York but their stock is traded there. If the suit is successful it would pave the way for other suits of the same kind by any New York resident who lost money on the stock of an unlicensed insurer.

## Seaboard Life At \$100 Million

Seaboard Life has topped the \$100 million mark of life in force in less than six full years of operation. The June 30, 1961, total of \$100,380,899 was 28% higher than the total at the end of 1960 and almost 23 times the figure at the end of 1956, the company's first full year of operation. The company entered the A&S business in 1959, premium income in that year being \$68,000. By the end of 1960, this figure had increased to \$888,539 and for the first half of 1961 was \$762,079. The company plans to complete the purchase of Maine Indemnity within a month and negotiations for purchase of two additional insurance companies are under way, according to Samuel Kosman, president.

## Deaths

## Rep. Curtis Assails Federal Charters

(CONTINUED FROM PAGE 1)

eral years ago, said that "one of the big problems we ran into was that the federal government has, over a period of years, left the states the whole area of regulation of life insurance companies, and I think it is to a large degree true in many of our savings institutions.

"When we started to impose a tax, or mess around with our taxes, we found that whether we liked it or not we were interfering with or commenting on or affecting state regulation. We felt that possibly for that reason maybe we ought to leave to the states the taxation of life insurance companies, which they do tax heavily anyway.

"I was overruled on that but there was no observation by the commission on money and credit in its report of the weaving in—whether we like it or not—of the impact of fiscal policy, taxation policy or regulatory policy. That was not developed, or at least I could not find the thread of it in there at all. Was that the subject of much discussion—of how taxes get in,

willy-nilly, into the field of regulation, because of the complexities?"

"I think we have to discuss that only by implication—which is dangerous," Mr. Miller replied. "The approach that the commission took to life insurance companies is to be found in the implication of its recommendation for making federal chartering available."

### Gives His Reasons

"That is why I commented on it, because I noted that you had made them," said Mr. Curtis. "It is very interesting. We have always felt that state regulation has been perfectly adequate, but is it for monetary reasons that you would suggest that the federal government do this—the part it plays in the aggregate—is that the reason you are suggesting?"

"I think it is for purposes of maintaining consistent standards of high quality—that is by and large," Mr. Miller replied.

"Why does not the market place, provided in a sense by the states them-

selves by having different sets of regulations, afford the flexibility?" asked Mr. Curtis.

"They afford some flexibility," said Mr. Miller. "But they also afford some quality differences. By and large, the state of New York sets the standards for the whole country."

"They do," Rep. Curtis agreed. "But it is done more by setting a good example. In fact, that is the only way it does it, and I think that is pretty good."

"I believe our recommendation says that this is not a matter of compulsion," Mr. Miller observed. "It is a matter of making it available."

"But you see, if we did it at the federal level it would not be long before we were really setting federal standards. We have got that problem across the board in almost everything we touch—at the federal level. If we do it, there is a tendency to then get into the thing, and that is a perfectly good theory of government. I happen to disagree with it because I do not think it works. But that theory could be advanced."

"But I suggest that I would not want to do it for monetary policy reasons. I feel that the area of government regulation is a legitimate area for government to set policy—but doing it openly, directly, above-board, discussing the pros and cons of the policy. One reason I do not like to use monetary policy or the tax end of fiscal policy to effect economic results is that we have got the tools to do that directly. I have a feeling that your suggestion to have federal regulation of life insurance companies comes under your ideas of helping monetary policy."

### Willing To Discuss

"I would be willing to discuss whether they should or should not, on the basis of regulations, whether we are doing a good job in regulating, but then we have to get into what the states are doing and why a federal system would be better."

"I believe that basically it relates to our desire to increase competition and service at a high standard," said Mr. Miller.

"The high standard is the thing," Mr. Curtis rejoined. "But who sets the standards? I have seen codes of ethics used to stifle competition, all in beautiful sounding phrases, and I always like to look to see whether they are really high standards or whether their purpose is something else, because the market-place, in my judgment, if it is a free market-place, a real competitive market-place, is regulated in the sense that it preserves competition. That brings about high standards, in my judgment, the highest standard we can get."

## NW Mutual Offers Employees Special 'Life Insurance'

Employees at the Northwestern Mutual home office in Milwaukee are doubling up on their insurance, but there are no worries about twisting and replacement, for the new insurance is provided by auto seat belts.

The company's sportsmen's club arranged to provide for the purchase and installation, at cost, of seat belts for any employee who wants them. They were made available until August 15 at a cost of \$5.95 for purchase and \$1.50 for installation.

As of August 10, 124 Northwestern Mutual employees had paid their \$7.45 lump-sum "premium" and were receiving maximum protection from the company's newest form of life insurance.

## NIA's 41st Annual Convention Slated For Washington, D. C.

(CONTINUED FROM PAGE 4)

Responsibilities of General Management."

Clarence O. Hollis, Pilgrim Health & Life of Augusta, will deliver the keynote address for the agency section: "The Agency's Role in Today's Economy." Also speaking at this session are R. G. Robinson, North Carolina Mutual, "Developing Growth in an Established District"; Thad B. Gailard, Great Lakes Mutual, "Opening a New District," and J. B. Williams, Richmond Beneficial, "The Agency Director's Role."

Another panel, "Population Trends and Marketing Possibilities," will include H. Naylor Fitzhugh, associate professor of marketing Howard University; James Bird, assistant managing director NALU; David E. Longley, Virginia Mutual Benefit Life, and Vivian Henderson, professor of economics Fisk University.

L. C. Blount, president Great Lakes Mutual, will deliver the keynote address for the technician section, "Better Economic Service Through Youth Education and Training."

Programmed to speak at the medical section sessions are William D. Winter, senior underwriter Lincoln National; Ferald D. Mauk, assistant medical director Republic National Life, and L. H. Boyce, vice-president-assistant secretary Universal Life of Memphis.

Mr. Robert Weaver will deliver the fellowship luncheon address; Mr. Schriver will speak at the awards luncheon, and Mr. Price will address the annual president's banquet.

The final morning's activity will be highlighted by the swan song of Murray J. Marvin, NIA's executive director. The able Mr. Marvin, and his wife, Delores, conceived the idea of a national office for NIA 10 years ago and they have, since that time, organized the association's annual conventions, edited its quarterly publication, the Pilot, directed its annual insurance week, and generally have made themselves invaluable in a million different ways. Mr. Marvin and his wife are joining the staff of North Carolina Mutual following the convention. Their successor, or some sort of arrangement therefore, is expected to be named at the Washington meeting.

## Sentry Life Makes Change In Marketing Organization

Sentry Life has adopted a functional marketing organization paralleling that of its parent organization, Hardware Mutuals, which has separate marketing staffs for commercial and personal lines of property and casualty cover. Andy Popa Jr., formerly individual life sales manager, has been named personal marketing manager; D. K. Kauf, Sentry Life group manager, becomes group marketing manager, and P. J. Clifford, a 14-year veteran with Hardware Mutual Casualty, has been named operations manager of the new Sentry setup.

## Indianapolis Life Has 14% Gain

Indianapolis Life during July recorded a 14% gain in sales over the same month of the previous year. Sales for the first seven months were 12.8% ahead of the comparable period of last year and were at an all-time high. Top salesman for the month of July was Joseph Rowekamp of Jasper, Ind., and the leading agency was Kaufman of Shelbyville, Ind.

## WANT ADS

Rates—\$25 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing "Situation Wanted" ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER—LIFE EDITION

### ACTUARY

25 year old company located in the Upper Midwest wishes to establish actuarial department within next few months. This is an opportunity for a man experienced in Life and Accident and Health Insurance to assume responsible position with a sound company. Please send resume, including background, experience and initial salary requirement in the first letter. All replies treated in confidence. Write A-55, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### MANAGER OF TRAINING

Large eastern mutual company has an opening for manager of training. Successful background in ordinary sales, plus supervision or home office work essential.

Starting salary commensurate with experience. Our own staff knows about this advertisement and replies will be held in strict confidence. Write, enclosing complete resume, to NY-68, National Underwriter Company, 17 John St., New York 38, New York.

### HOME OFFICE GROUP UNDERWRITER

Unusual opportunity for experienced Life and Health Underwriter. Must be able to express ideas clearly, especially in writing. Newly organized Life subsidiary of large Mutual Fire & Casualty group located in upper mid-west. Well balanced employee benefits program. Send resume in confidence to: A-51, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### OPPORTUNITY FOR SALES TRAINING EXPERT

Mid-Western fast growing Life division of large national A&S company wants experienced Sales Training Supervisor. Field and Home Office background essential. Must know life insurance thoroughly. Starting salary low five figures plus fringe benefits. Send resume, including present salary to A-58, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### ACTUARIAL ASSISTANT—CONSULTING

Expanding midwestern firm of Consulting Actuaries offers excellent opportunity for man age 27-35 with home office experience and some Society exams passed. Work includes responsibility for actuarial phases of individual life and A & H for life companies. Our employees know of this ad. Write A-35, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED: GENERAL AGENCY

Determined and persuasive young Life executive with proven record of success in management and personal production seeks challenging career as a General Agent in Washington, D. C. Contact A-43, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### SALES PROMOTION and ADMINISTRATIVE EXECUTIVE

seeks position with future. Experience includes organizing companies, both life and casualty, developing policies, training staff, recruiting and inspiring a field force. Age 43 with enthusiasm and ability to be an asset to any firm or group. Write A-47, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### SALES MANAGEMENT

Highly effective Life and/or A&H. Sales director, proven attainment nationally, available IMMEDIATELY regional or multi-state operation. Location-compensation open. Write or wire A-52, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### GENERAL AGENCY SUPERVISOR

General agent for large life, A&S and group company wishes to hire supervisor to primarily do recruiting and training. Opportunity leads to own agency in two or three years. Give experience, background and details. Write A-53, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### EXPERIENCED MUTUAL FUND-LIFE INSURANCE SALES DIRECTOR

\$15,000 per year plus fringe benefits for the man selected to head new department packaging established mutual funds and ordinary life. Must be experienced in recruiting, training and leading men. Will cover Southwest from Home Office in Phoenix. Send complete resume plus photo to A-56, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.





# the Back Page

## SELL THE BENEFIT - NOT THE COMMODITY

IT IS AN OBVIOUS FACT — but one so obvious that we are prone to overlook it — *that our prospect is interested in the benefits our product can give him, and not in our product itself.*

This is a truth we may easily fail to recognize, but it is no less important on that account.

We may assume that a hungry prospect wants a smoking-hot, medium-rare sirloin because he wants a steak, but we shall be wrong if we do, because what he really wants is the satisfaction of his hunger, with the particular pleasure to his senses of taste and smell which the steak affords.

We may assume that the lady wants a new hat, but we shall be wrong if we do, for what she *really* wants and is willing to pay for is the admiring glances of men, the appreciative or envious glances of other women, and the confidence within herself which these things engender.

Indeed, men always buy the benefit, never the commodity. And the man who would achieve mastery of the sales process, and skill in accentuating wants until they create their own irresistible pressures, must learn to sell the *benefit*, not the *commodity*, and must learn to identify the benefit intimately with his prospect in his own mind.

Let us examine, as an extreme instance, a man's purchase of a home. This is for most men the largest purchase of a lifetime. It is assuredly the purchase of a "tangible," and it might seem at first blush that this is the exception to prove the rule, and that here it is truly the commodity itself which a man buys, not the benefit.

But consider. Even though this is the purchase of property in its most tangible form (so much so that the law speaks of it as *real estate or real property*!) it, too, is purchased for the benefits it offers, rather than for its own sake. It is bought, of course, because it affords shelter; because it offers a base of operations, a place for its owner to hang his hat, eat his meals, and sleep his night's sleep. But if these were all he wanted, these things he could acquire by renting, or these he could buy for a much smaller outlay than he is contemplating.

What he also seeks, indeed what he *really* wants for his dollars, and what he is about to buy at very considerable cost, are such benefits as the sense of security and peace of mind which go with ownership rather than tenancy, the personal satisfaction and family prestige which derive from the neighborhood and the home in which he and his family live, the social and school advantages the home can offer his children, the physical comfort and pride of possession which it offers to him . . . and most of all, the touch of immortality which he senses in the confidence that his children will carry with them happy memories of their childhood home when they are parents and he is a grandparent, and long thereafter when they are grandparents and he is gone.

It would seem then that even the biggest and most tangible purchase of a lifetime is made in quest of *benefit* rather than for the product or commodity itself.

AND, AT THE OTHER EXTREME of the price range, we know if we but stop to consider for a moment that a man who buys a 98-cent package of razor blades doesn't want *blades*: He wants a quick, clean shave, he wants freedom from nicks and cuts and scratches, he wants freedom from "five-o'clock shadow," he wants the social approval which all these things beget.

The man who buys a well-tailored suit for considerably more than he would pay for a low-cost, mass-production item, which might be entirely adequate notwithstanding its shortcomings, may consider that he paid \$135 for a suit. But, more accurately, he paid the first \$35 for a commodity — a suit — and spent the next hundred dollars for social approval, for personal satisfaction, for the enhancement of his business success, for the admiration of those around him.

An advertisement of the life companies  
of the American General Group,  
presented regularly in this space for the inspiration  
and enlightenment of life underwriters everywhere.

The buyer of a rail or plane ticket most certainly does not buy the commodity, for it is quite literally nothing but a strip of paper! He buys the *benefits* to which it gives him title: swift, sure, comfortable transportation, the pleasure of the trip, his physical presence at some distant spot where business or vacation calls.

The buyer of a nine-foot shelf of books does not particularly want the books themselves, even though he may feel that one of the benefits he may derive will be the prestige which may follow their appearance upon his shelves. He seeks, rather, cultural benefits to himself and his family, the social and business benefits which may follow upon his further intellectual development, and the pleasant and relaxed hours of reading to which he looks forward . . . rather than the books themselves.

The man who spends several thousand dollars for central air-conditioning in his home, or several hundred dollars for a single window unit, has no interest in the commodity as such. Indeed, he resents its intrusion upon the limited space in his basement or garage, or its interference with the symmetrical appearance of his home! But he is willing to pay heavily for cool, clean, filtered air, and its contributions to quiet, calm, and peaceful home life; for deep and restful sleep on hot summer nights; and for the luxury of creating his own private personal climate by touching a dial in his downstairs hall.

\* \* \*

TO THE LIFE UNDERWRITER, this means (in sharp distinction from a mere discussion of the policy) *first* uncovering the need, *then* describing and dramatizing the benefits which life insurance offers both to the owner himself and to his family. It means painting word pictures of life insurance in action. It means the constant use of the two words which are the salesman's two best friends in forcing himself to discuss benefits instead of commodities — the words "for example."

It means emphasis upon guaranteed borrowing power as a direct and positive benefit to the insured himself, available in the immediate future rather than in the long years to come. It means emphasis upon freedom from investment cares and worries. It means emphasis upon the proposition that the man whose life insurance program is adequate is the happy possessor of a lifetime financial program which assures him that he has made adequate provision for tomorrow and entitles him, therefore, to spend all the rest of his income for the needs and luxuries of today.

And, perhaps above all else, it means emphasis upon the peace of mind which is the most direct and immediate benefit the life underwriter has for sale.

\* \* \*

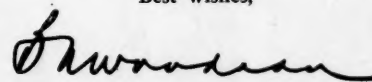
LET US CONCLUDE this consideration of benefit versus commodity by turning for a moment to the hardware business for an illustration which should stand forever in our memory.

Let us reflect upon the fact that every year in America a million or more quarter-inch drills are purchased by a million or more men . . .

... no one of whom wants a quarter-inch drill!

No, no man who buys a quarter-inch drill wants a quarter-inch drill. He wants a quarter-inch hole in a piece of wood or in a piece of metal . . .

Best wishes,



American General Life Insurance Co.  
Houston, Texas

Knights Life Insurance Company  
Pittsburgh, Pa. Houston, Texas

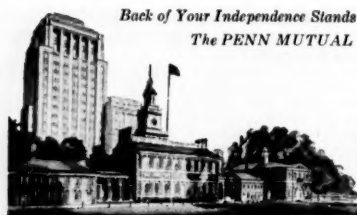
Home State Life Insurance Company  
Oklahoma City, Oklahoma

Hawaiian Life Insurance Company, Ltd.  
Honolulu, Hawaii



## MERITED... and HONORED

The CLU emblem is a familiar sight in Penn Mutual offices everywhere. We take justifiable pride in this fact, because the initials "CLU" designate those underwriters whose expert knowledge, proven ability and dedication have earned for them this highest professional recognition. We commend Penn Mutual's many CLU members for their initiative and foresight.



## THE PENN MUTUAL LIFE INSURANCE COMPANY

INDEPENDENCE SQUARE, PHILADELPHIA



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